THE GILDED AGE & RISE OF BIG

-PERIOD 6 (1865-1898)-

THE HISTORY DEPOT

LEARNING TARGETS & OBJECTIVES

the socioeconomic continuities and changes associated with the growth of industrial capitalism from 1865-1898.

- Be able to explain the causes & effects of the “Rise of Big Business” during the Gilded Age in the 19th century.

- Analyze whether the business leaders during the Gilded Age were “Robber Barons” or “Captains of Industry”.

LEARNING TARGETS & CTIVES

xplain the causes of the rise of the Labor Movement (Labor Unions) during the Gilded Age.

- Be able to explain the Federal Government’s response to the ongoing disputes between Big Business and Labor during the Gilded Age.

WHAT IS THE “GILDED AGE”?

Gilded Age (1865-1900)

- Mark Twain coined the term to criticize this era.
- "Gilded" means artificially covered with gold on the outside, but not really golden on the inside.
- The Gilded Age consisted of rapid economic growth, population growth, political corruption.

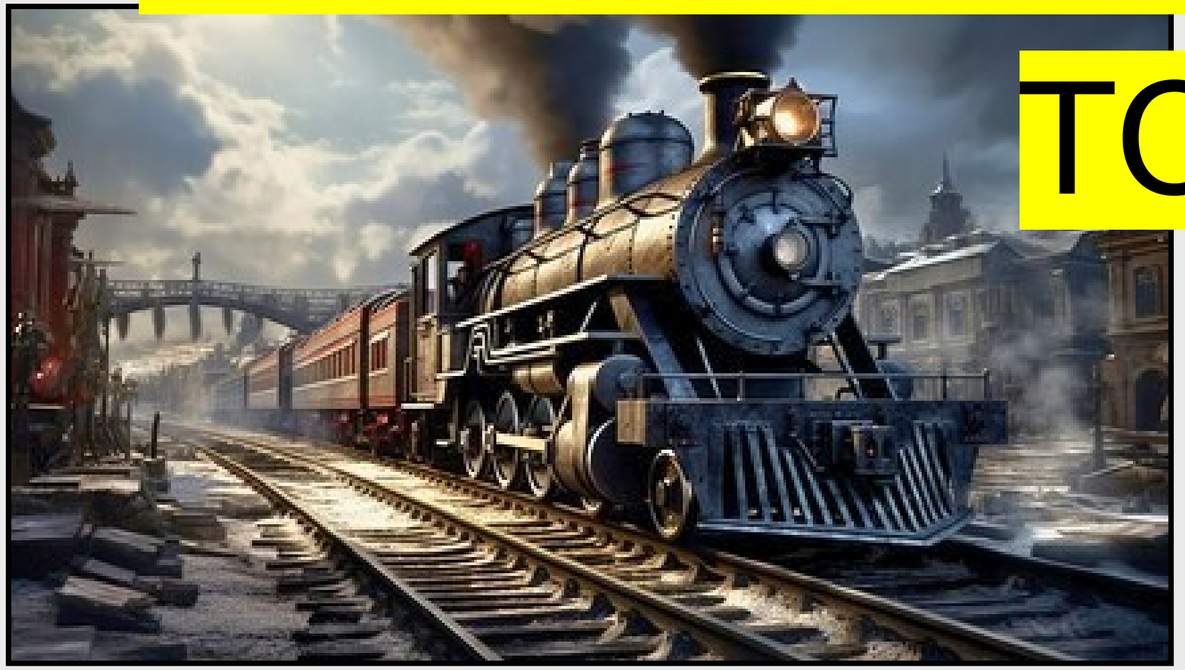
THE EXPANSION OF THE ECONOMY

-1900, the US moved from
est manufacturing nation
to #1.
(“A Second Industrial Revolution”)

Reasons for this...

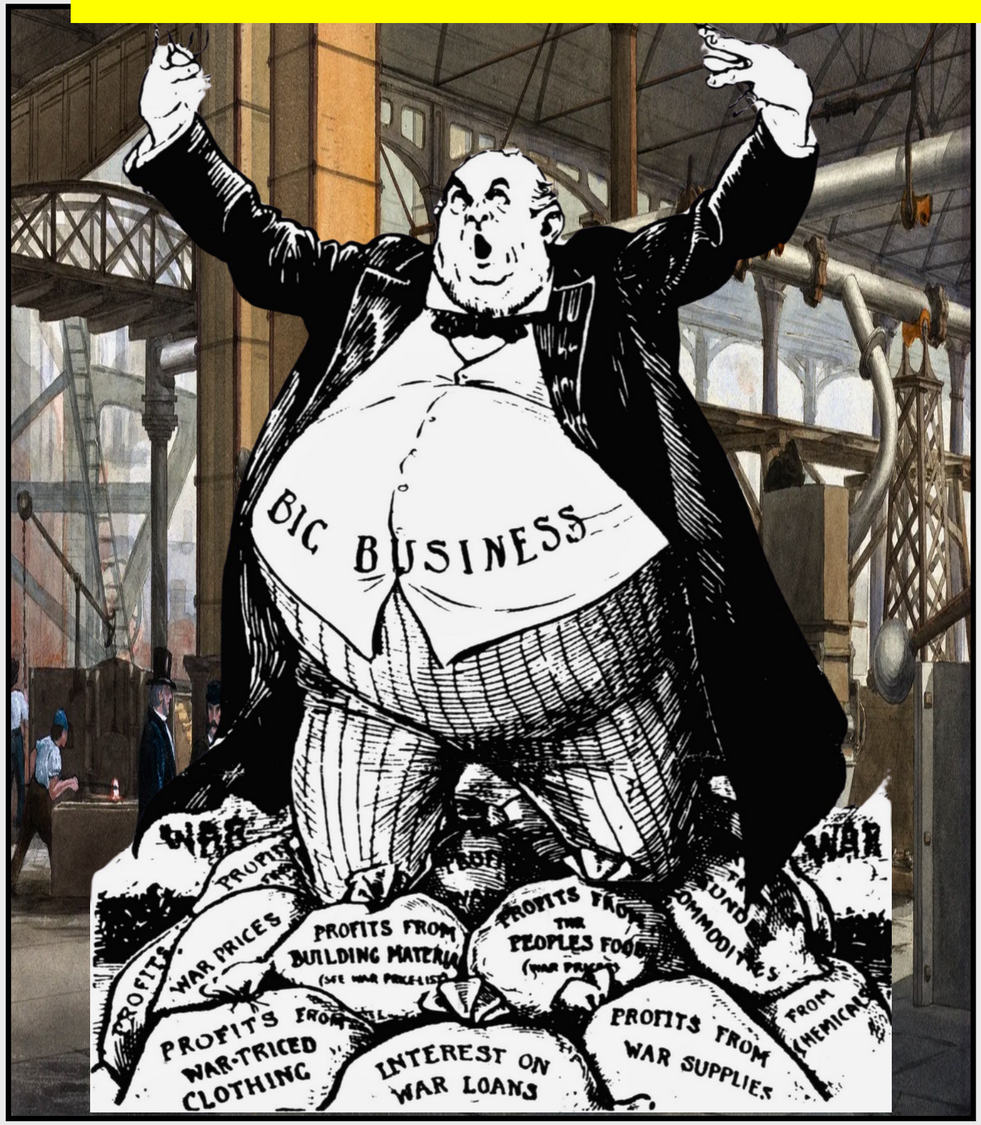
- Natural resources (iron and coal)
- Large source of labor from immigration
- Expansion of Railroads and innovations in transportation and communication
- Major technological innovations with the development of the modern steel and oil industries

THE GILDED AGE ALSO LED TO…



- Rapid transformation of American economy and society
- Industrialization and manufacturing replaced agriculture as primary source of economic growth
- Rise of “Big Business”, which encouraged massive migration and urbanization to industrial cities

THE RISE OF “BIG BUSINESS”



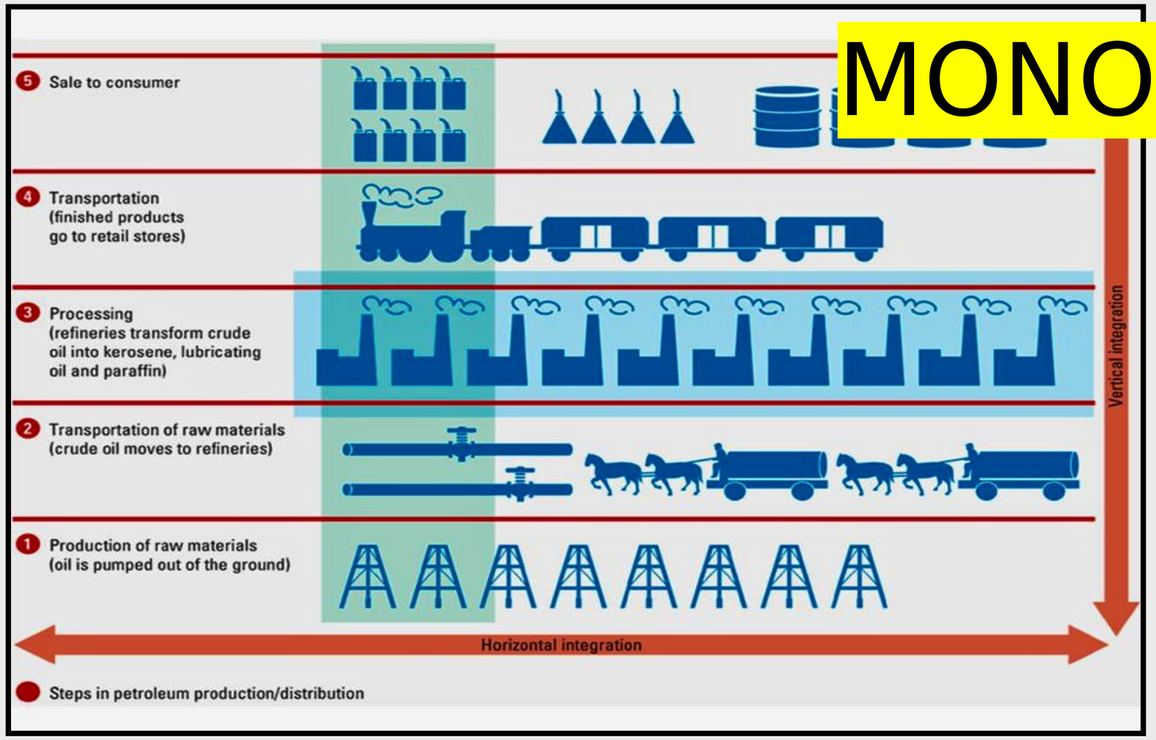
Big Business

- The concentration of wealth and power in the hands of a small number of large businesses in various industries led to **Monopolies**, which limited and/or eliminated competition

- The rise of Big Business led to calls from smaller businesses, farmers, and workers for more government regulation of the economy to promote competition and free enterprise.

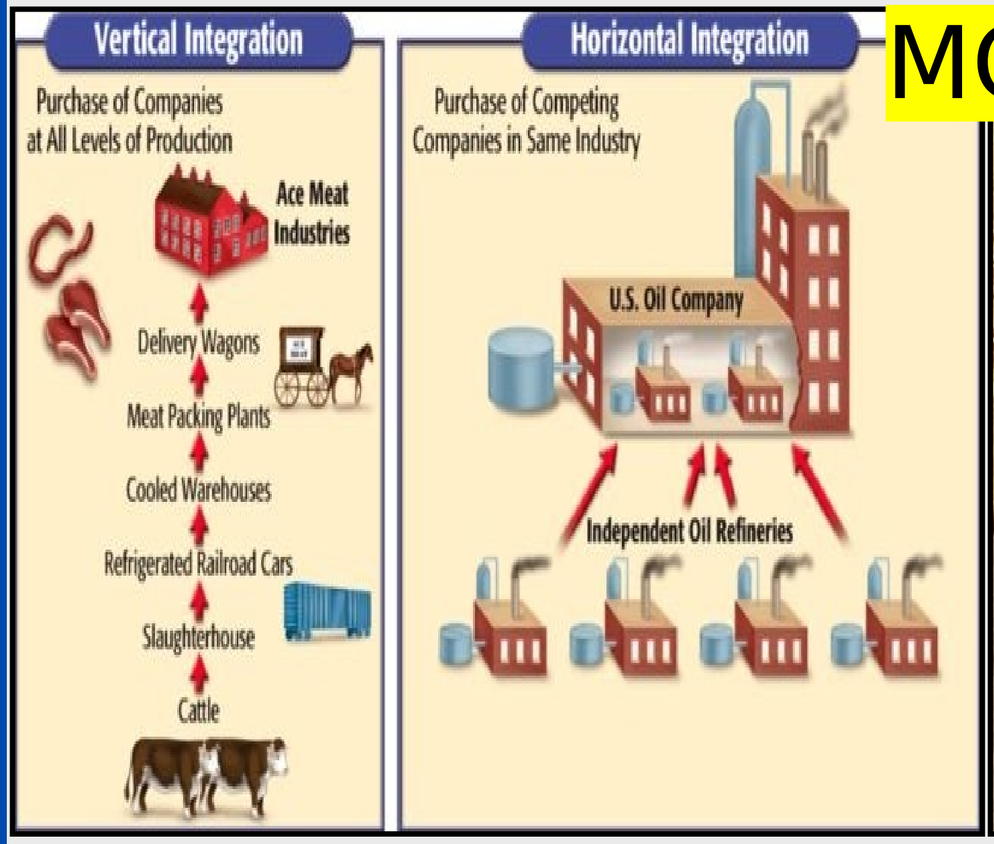
- **Trusts:** combinations of businesses designed to maximize profits (Very similar to a monopoly).

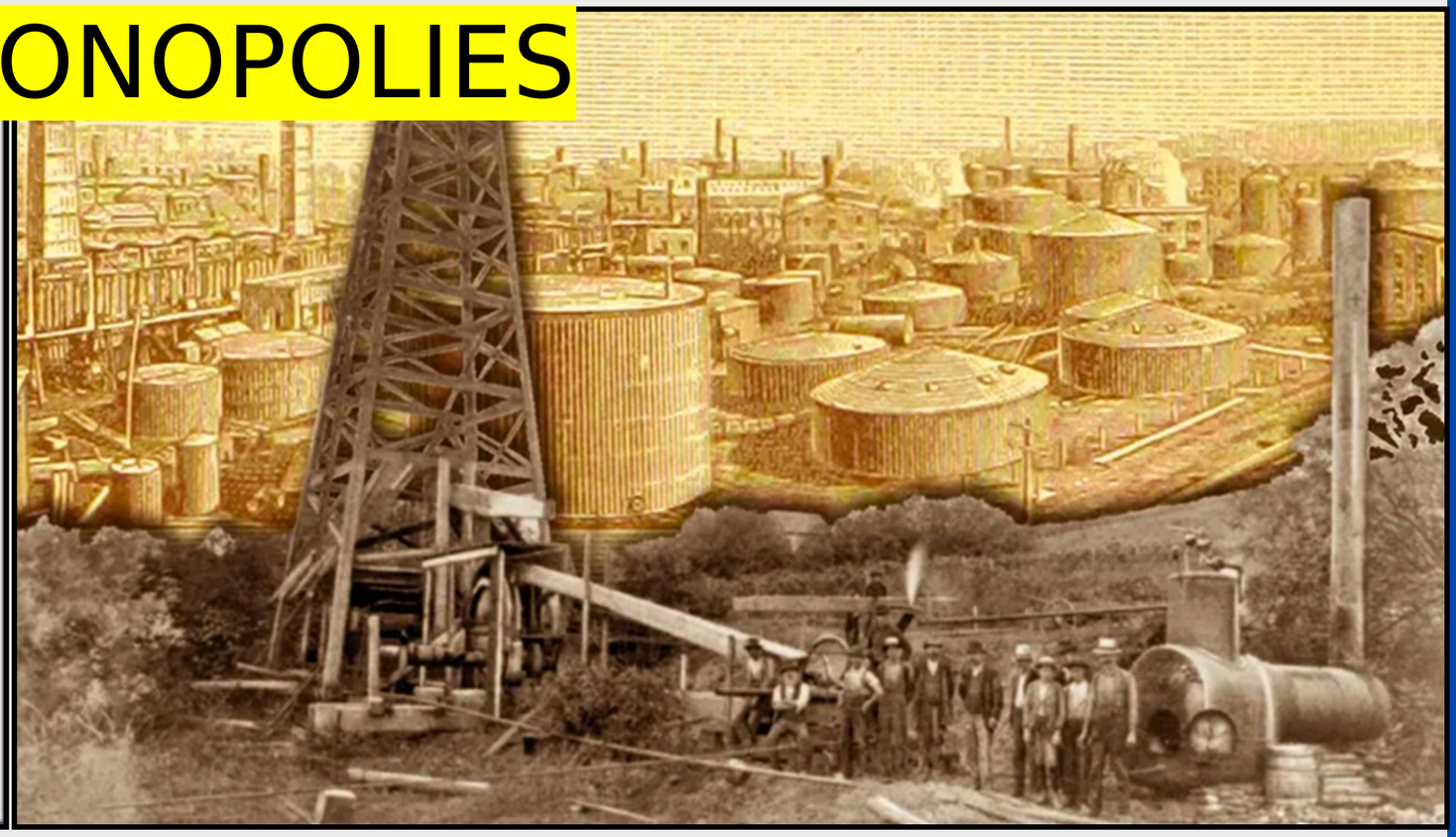
WAYS IN WHICH BUSINESSES BECAME MONOPOLIES


5 Sale to consumer
4 Transportation (finished products go to retail stores)
3 Processing (refineries transform crude oil into kerosene, lubricating oil and paraffin)
2 Transportation of raw materials (crude oil moves to refineries)
1 Production of raw materials (oil is pumped out of the ground)
Vertical integration
Horizontal integration
Steps in petroleum production/distribution

- **Monopoly:** When a company maintains complete control over an industry with no competitors.
- **Vertical Integration:** When a company takes over its suppliers and distributors (from the bottom, upwards) in order to gain total control over the market. (Owning all the means of production from “mine to market”)

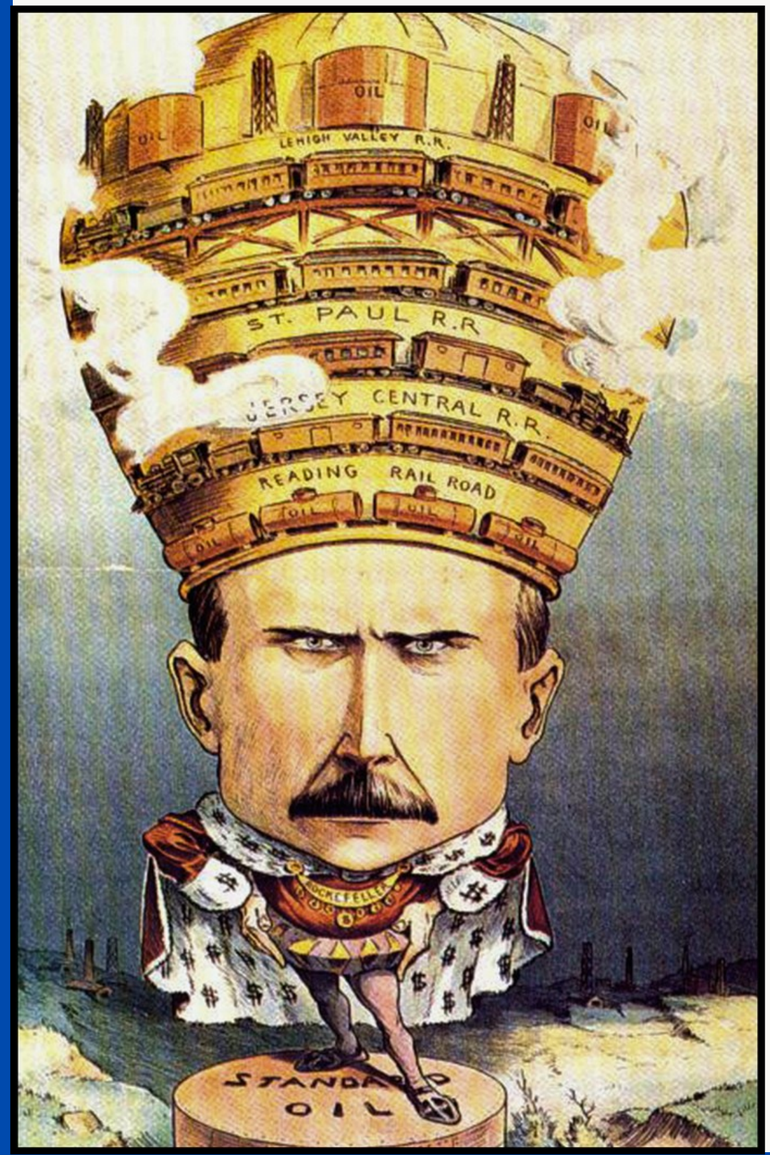
WAYS IN WHICH BUSINESSES BECAME MONOPOLIES

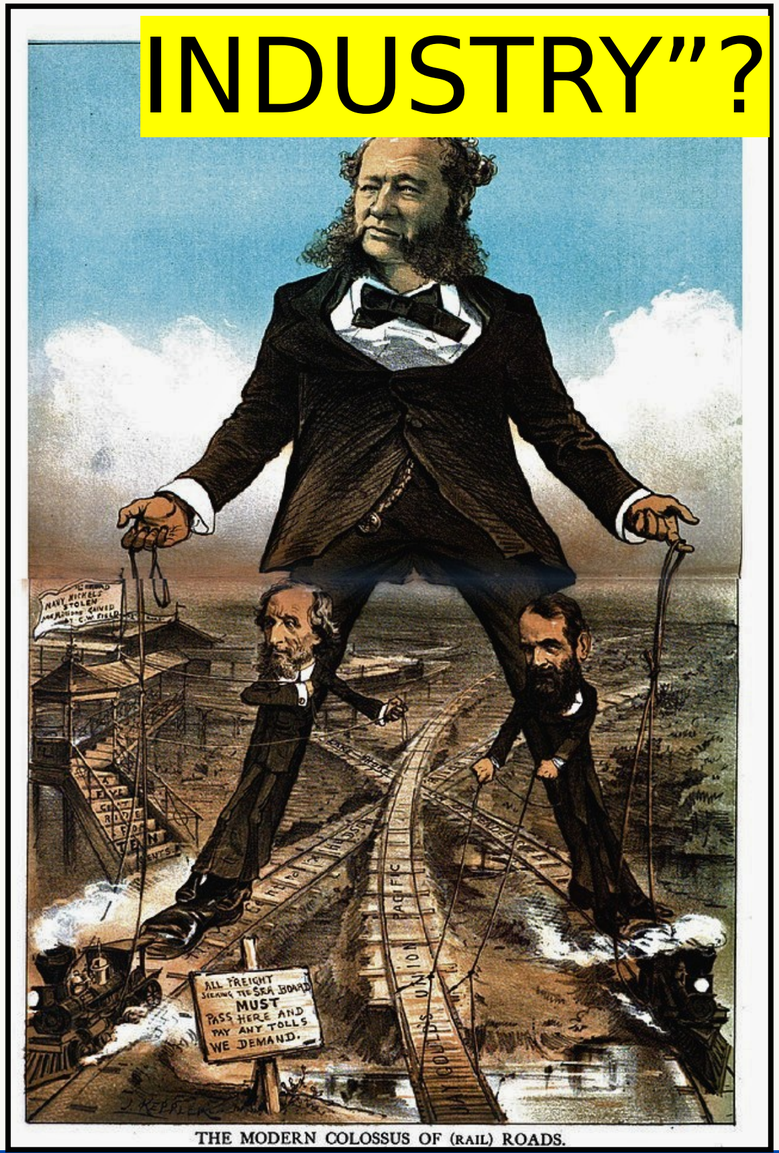




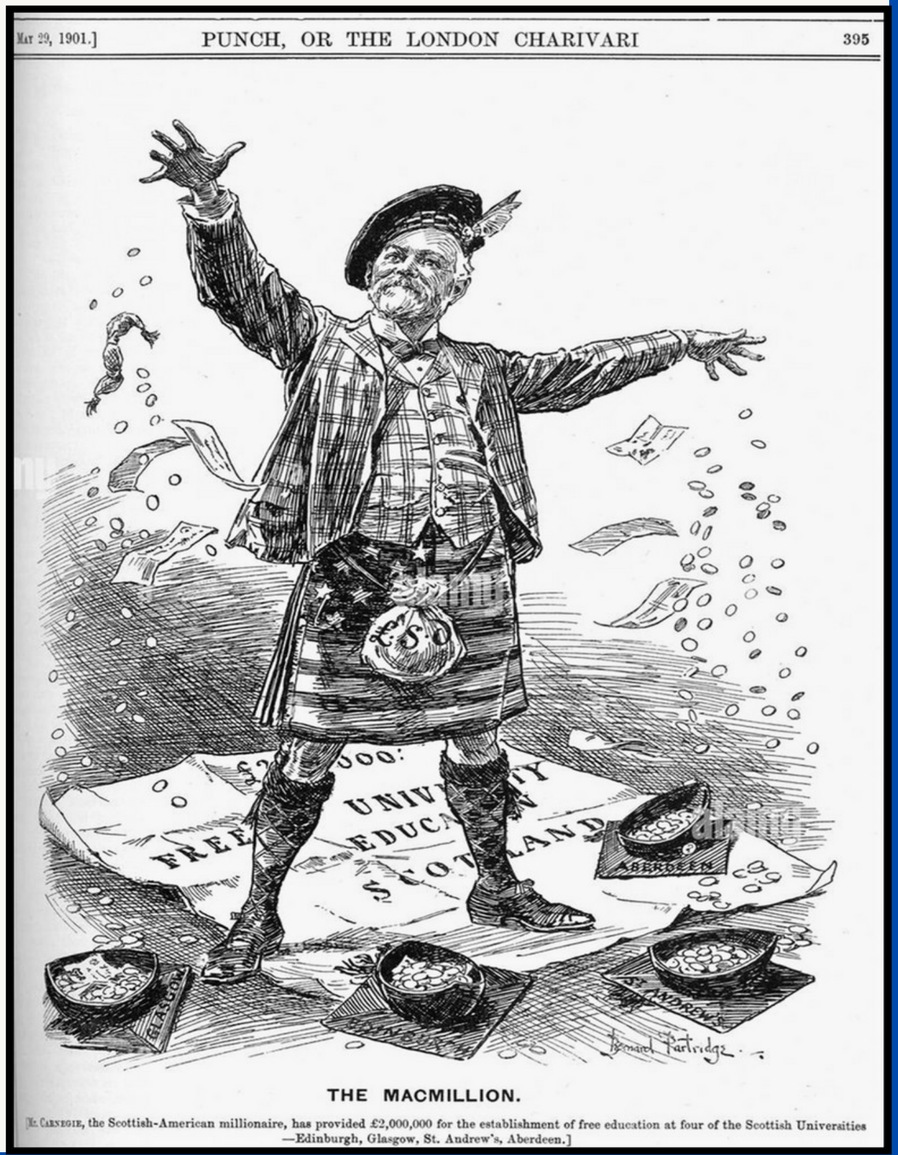
- **<u>Horizontal Consolidation:</u>** The merging of companies that make similar products into a single corporation.

“ROBBER BARONS” OR “CAPTAINS OF INDUSTRY”?



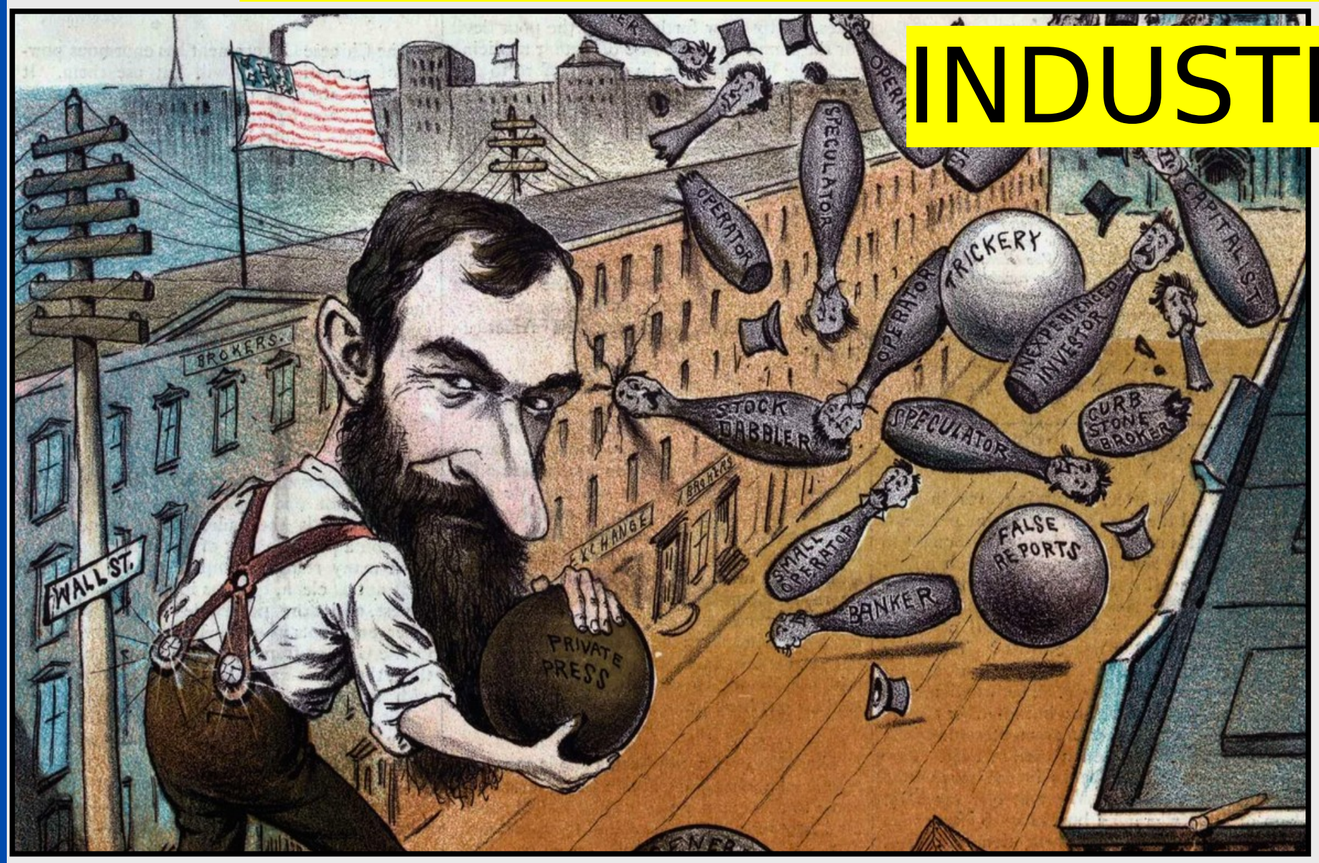


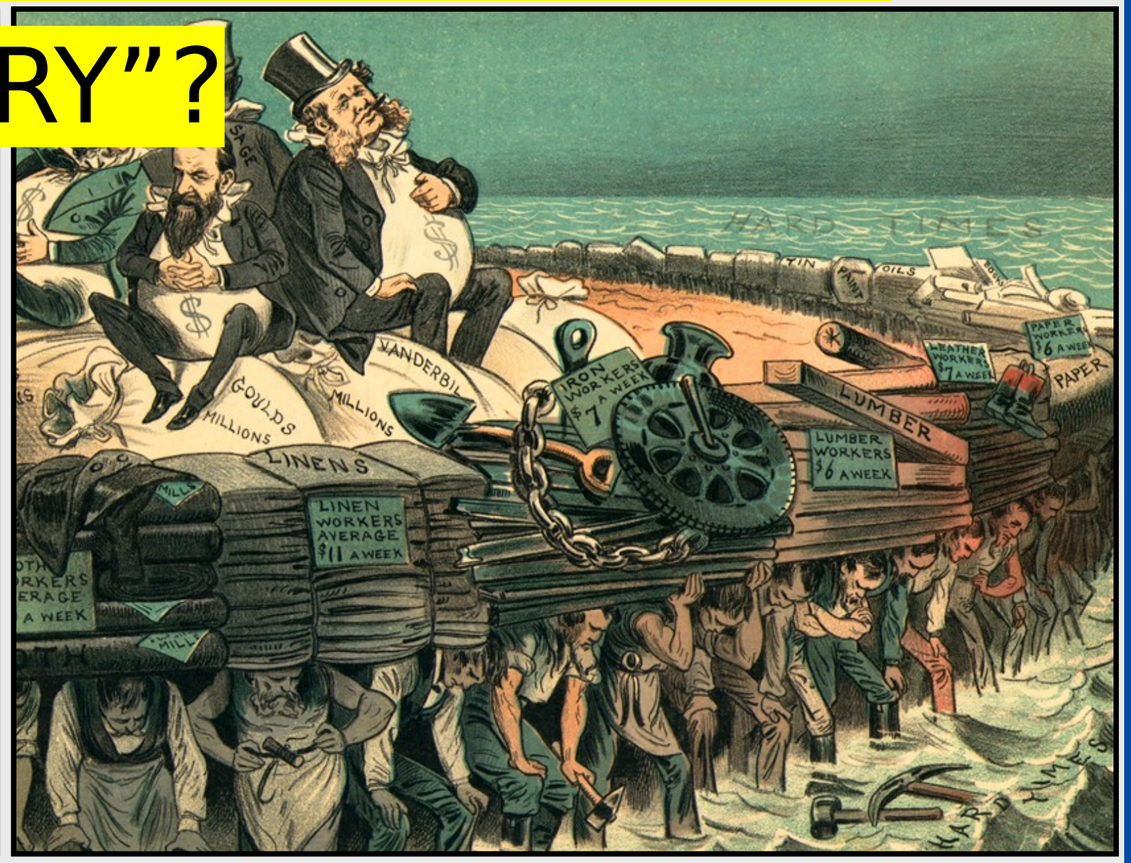
THE MODERN COLOSSUS OF (RAIL) ROADS.


May 29, 1901.] PUNCH, OR THE LONDON CHARIVARI 395
THE MACMILLION.
Mr. Carnegie, the Scottish-American millionaire, has provided £2,000,000 for the establishment of free education at four of the Scottish Universities —Edinburgh, Glasgow, St. Andrew's, Aberdeen.]

“TRAITS OF A TITAN”

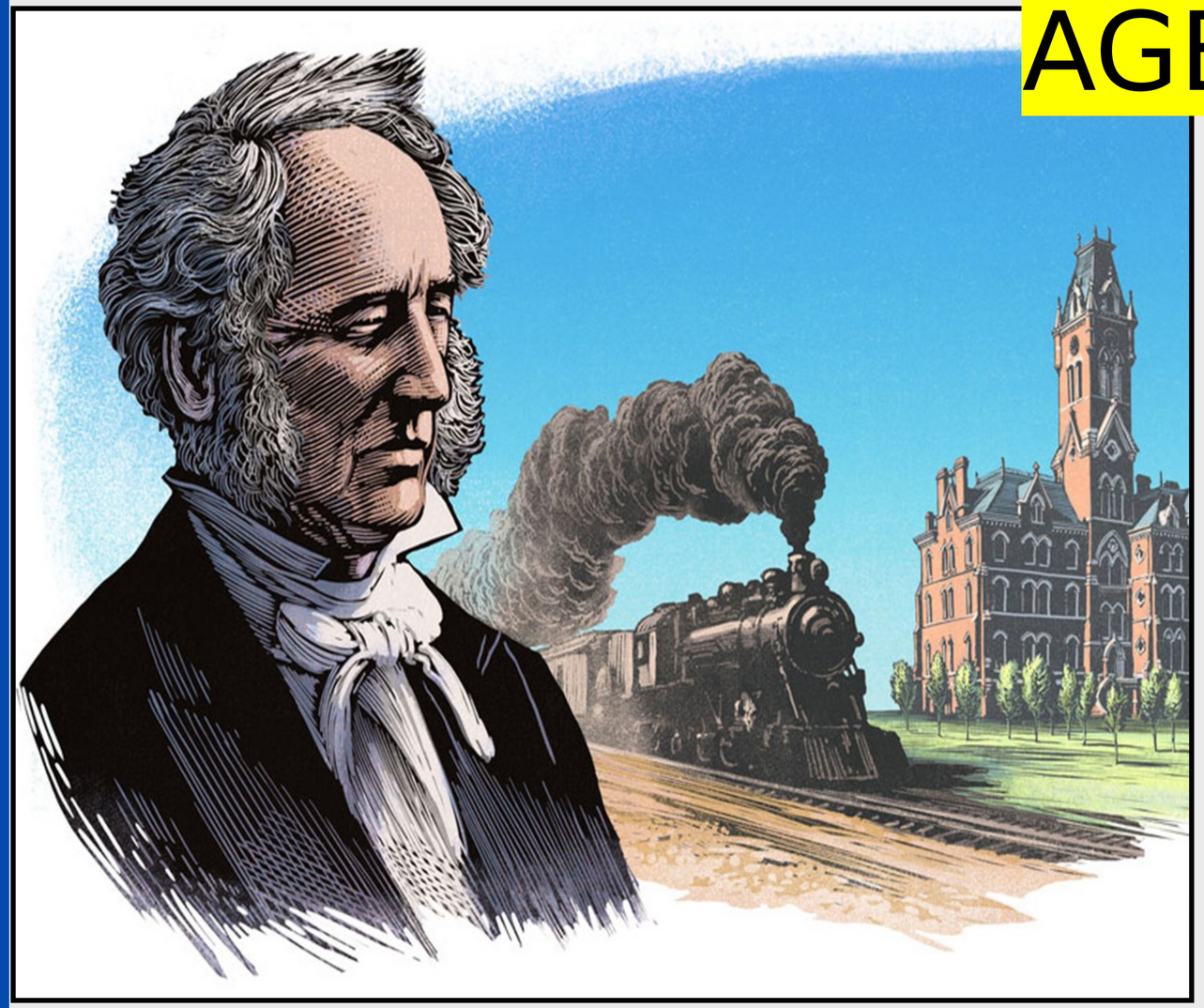
“ROBBER BARONS” OR “CAPTAINS OF INDUSTRY”?





- **Robber Barons** was a term used in the 19th century as a negative reference to businessmen who dominated their industries and amassed huge personal fortunes as a result of monopolistic business practices.

BIG BUSINESS LEADERS IN THE GILDED AGE



- **<u>Cornelius Vanderbilt:</u>** A railroad tycoon who at the time of his death was worth $100 million.

- “Commodore” Vanderbilt used the millions earned from his early steamboat business to buy smaller railroads and combined these into the New York Central Railroad (1867).

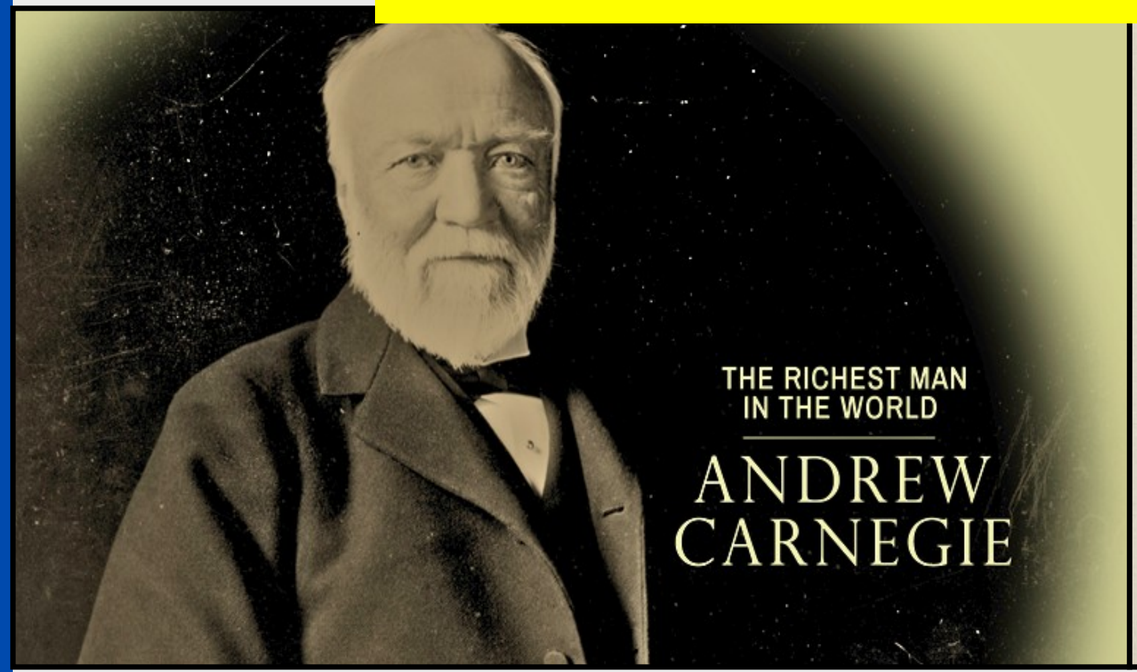
“RISE OF VANDERBILT”

"MODERN COLOSSUS OF RAILROADS" (1879)

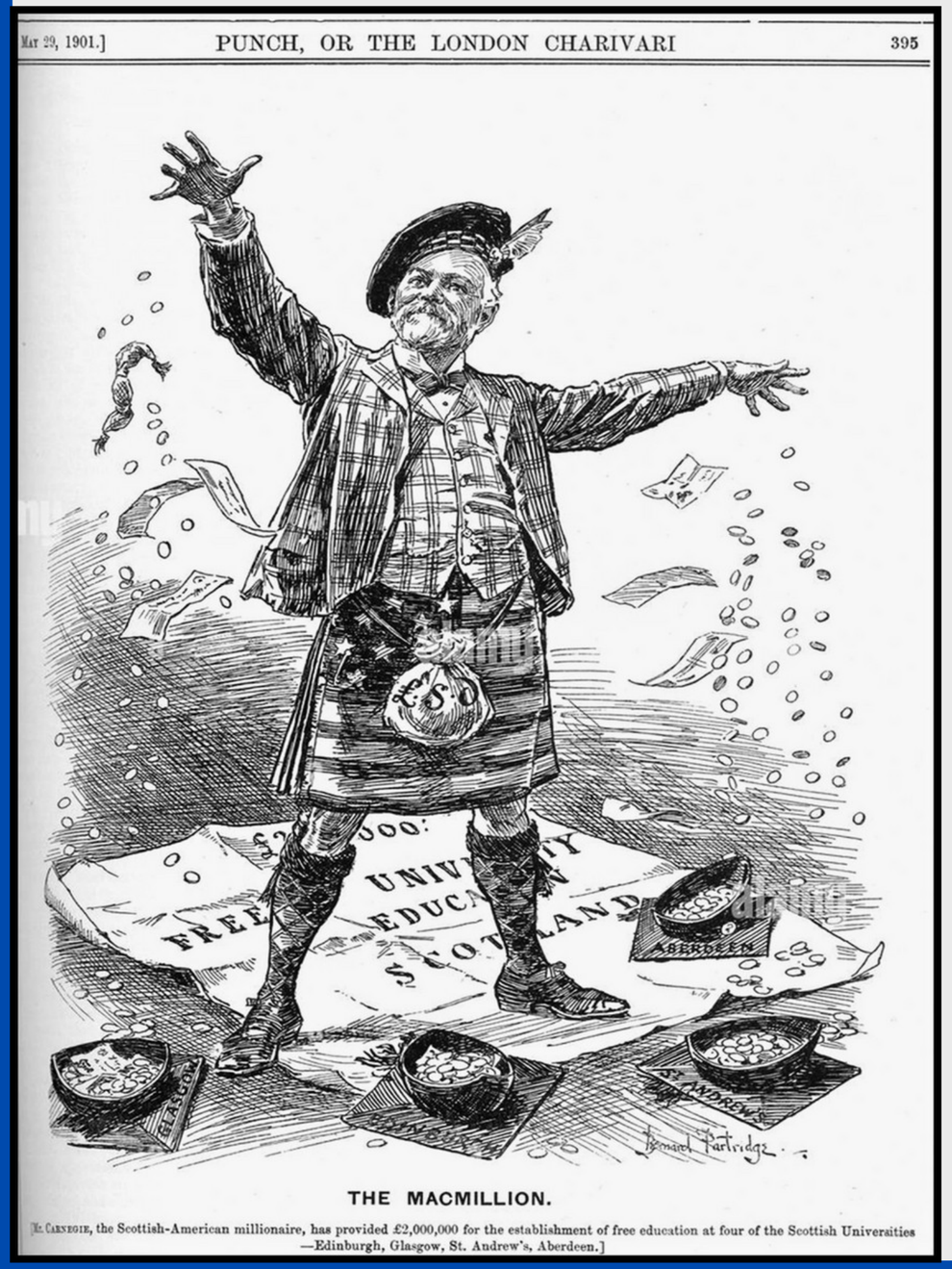
- **What is the *AUTHOR'S PURPOSE* of the cartoon?** Why was this image created? (Explain with specific information.)

- **Explain the significance of the image and its connection to the Rise of Big Business.** (Explain with specific info.)

ANDREW CARNEGIE



- A Scottish immigrant who held a **monopoly over the Steel Industry**.
- Carnegie worked his way up from poverty to become the superintendent of a Pennsylvania Railroad
- In the 1870’s, he began using the **vertical integration strategy**, in which he controlled all aspects of the steel industry from mining the raw material to transporting the finished product and created a monopoly over the U.S. steel industry.


May 29, 1901.] PUNCH, OR THE LONDON CHARIVARI 395
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[Mr. Carnegie, the Scottish-American millionaire, has provided £2,000,000 for the establishment of free education at four of the Scottish Universities —Edinburgh, Glasgow, St. Andrew's, Aberdeen.]

- **The Gospel of Wealth** was written by Carnegie that the wealthy had a responsibility to engage in civic philanthropy for the benefit of society. Carnegie donated more than $350 million to support libraries, universities, and various other public institutions.

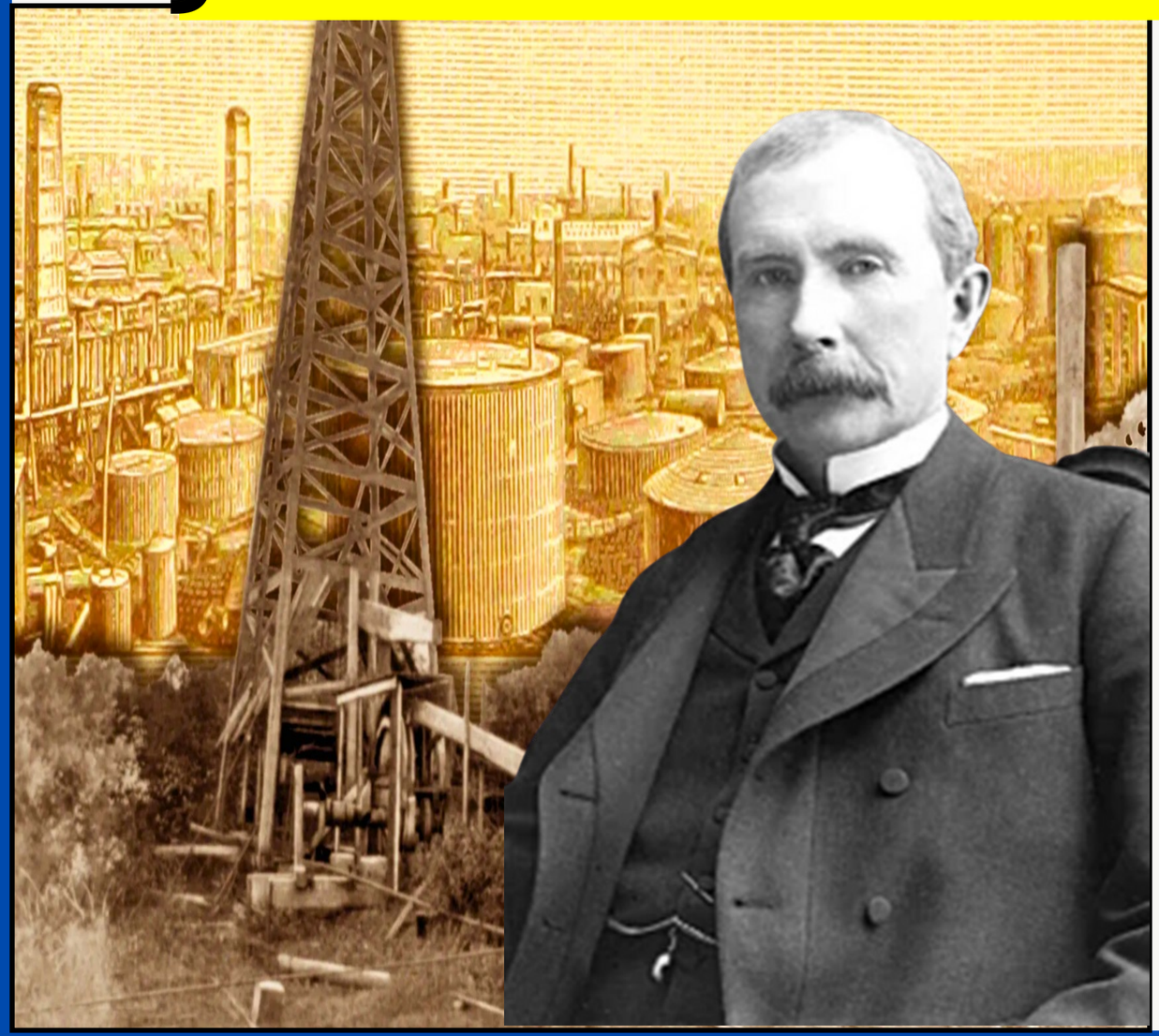
- In 1900, he sold Carnegie Steel to J.P. Morgan for $450 million.

ANDREW CARNEGIE'S "WEALTH" (1889)

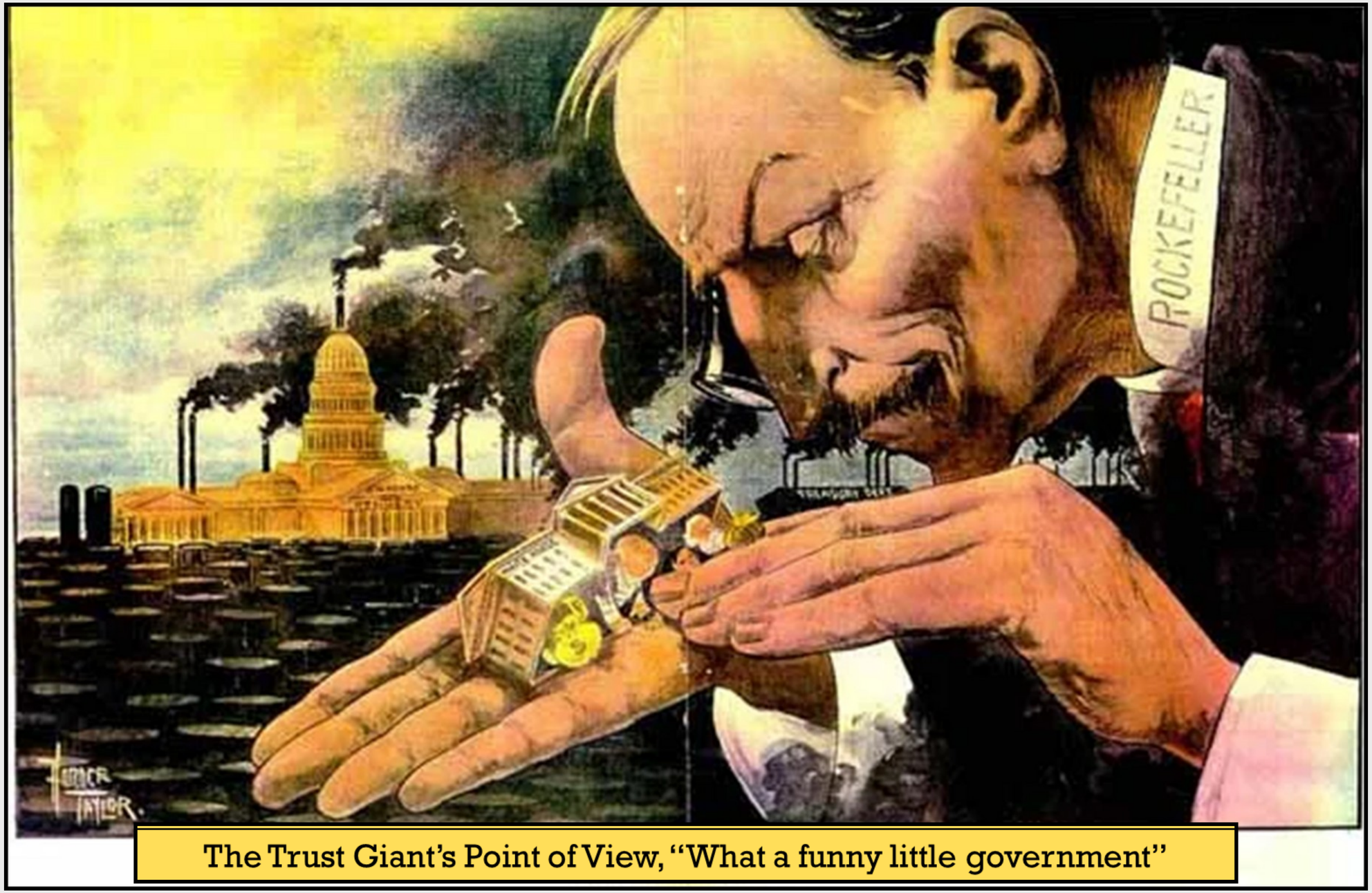
"This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial result for the community – the man of wealth thus becoming the sole agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer-doing for them better than they would or could do for themselves…In bestowing charity, the main consideration should be to help those who will help themselves; to provide part of the means by which those who desire to improve may do so; to give those who desire to use the aids by which they may rise; to assist, but rarely or never to do all…He is the only true reformer who is as careful and as anxious not to aid the unworthy as he is to aid the worthy, and, perhaps, even more so, for in alms-giving more injury is probably done by rewarding vice than by relieving virtue…Thus is the problem of Rich and Poor to be solved. The laws of accumulation will be left free; the laws of distribution free. Individualism will continue, but the millionaire will be but a trustee for the poor; entrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself…"

1. **Summarize** the excerpt in 1-2 sentences.
2. Explain the **Historical Context** of the excerpt. (2 sentences)
3. Explain the **SIGNIFICANCE** of this excerpt. (2 sentences)

JOHN D. ROCKEFELLER

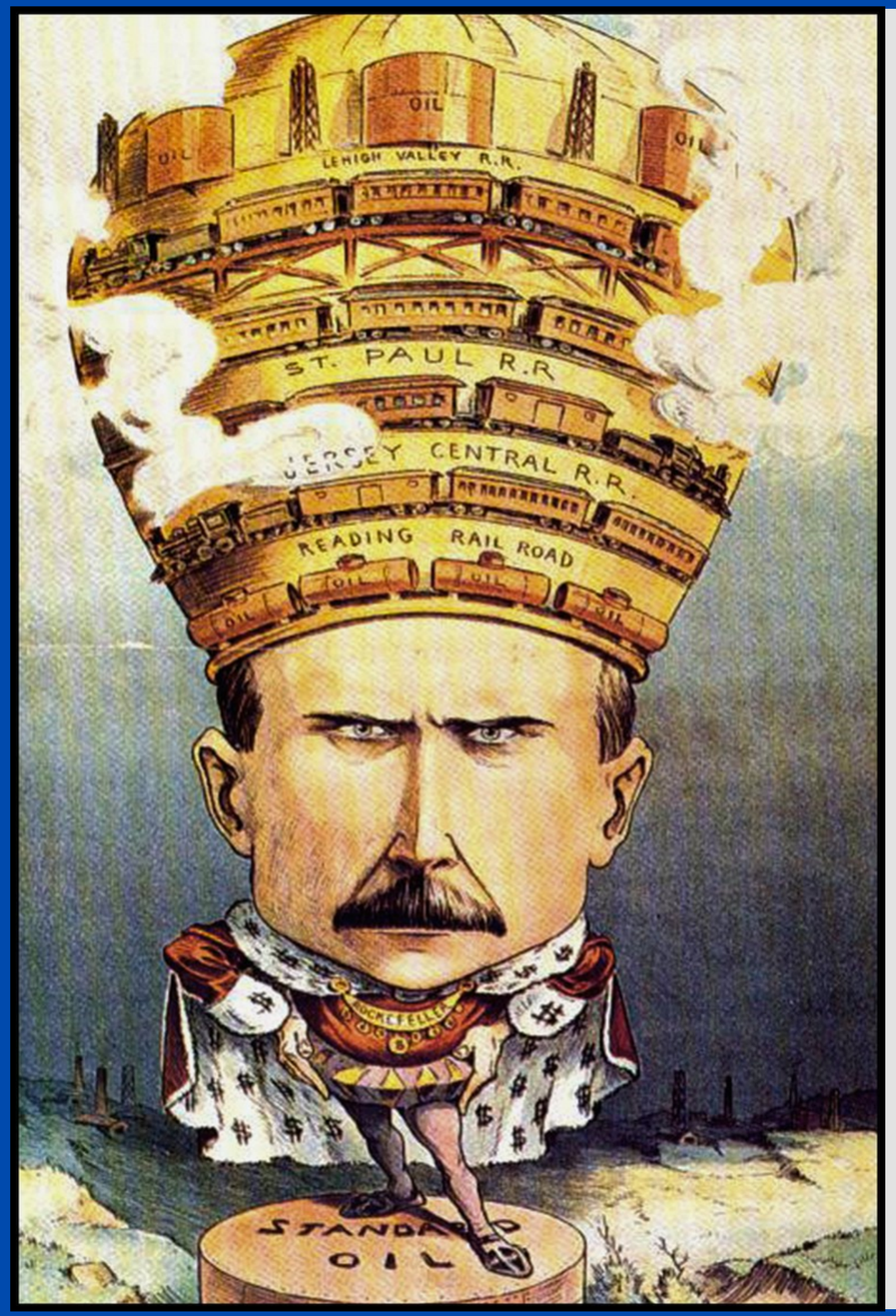


- In 1853, Rockefeller opened his first oil refinery, and he used the **strategy of horizontal consolidation** to undercut his competition by selling his oil at cost.
- In 1881, he created the **Standard Oil Trust**, which controlled over 90% of America’s oil industry.
- Rockefeller embraced the ideas of **Social Darwinism**, going so far as to state that **“God gave me my riches”** in order to justify his wealth.
- Similar to Carnegie, he became a philanthropist who gave away hundreds of millions of dollars of his fortune.



The Trust Giant's Point of View, "What a funny little government"

1. Explain the **Purpose** of the cartoon. (2 sentences)
2. Explain the **SIGNIFICANCE** of this cartoon. (2 sentences)



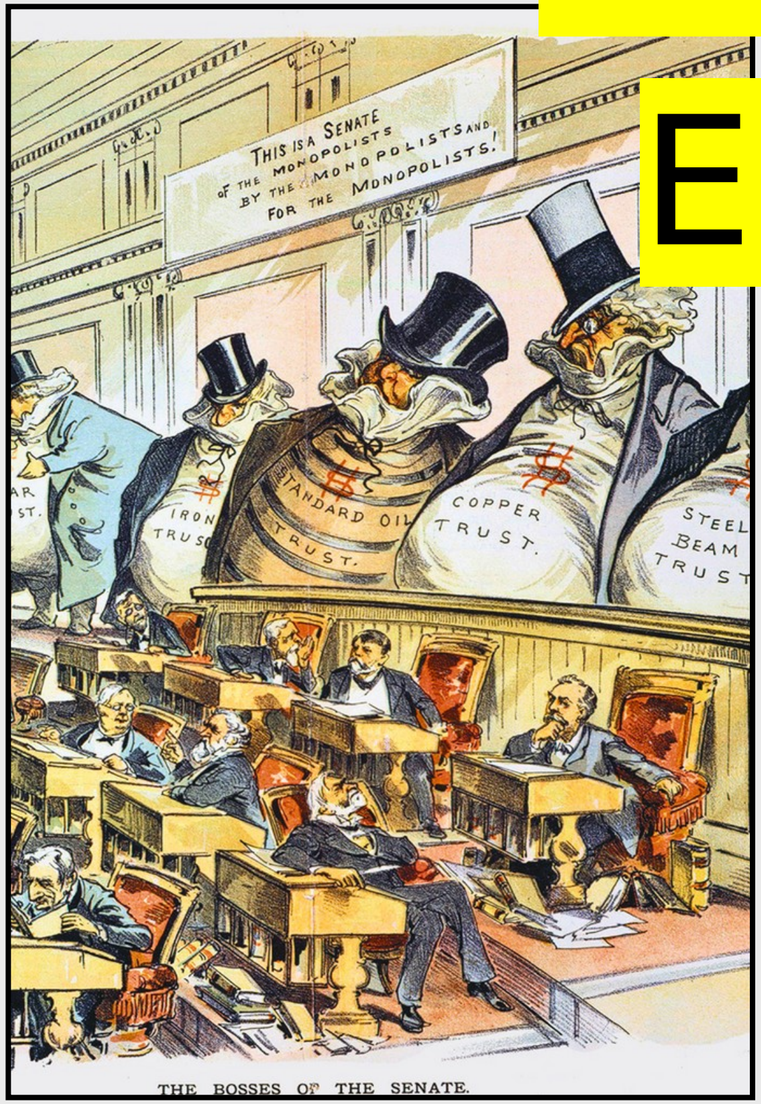
BRAIN BREAK

Name 3 pi evidence connected to the cartoon.

J.P. MORGAN

- A wealthy banker who held monopolies over the RR industry and U.S. Steel industry. He is also known for financially bailing the U.S. out of a financial crisis in 1907.

LAISSEZ-FAIRE ECONOMICS

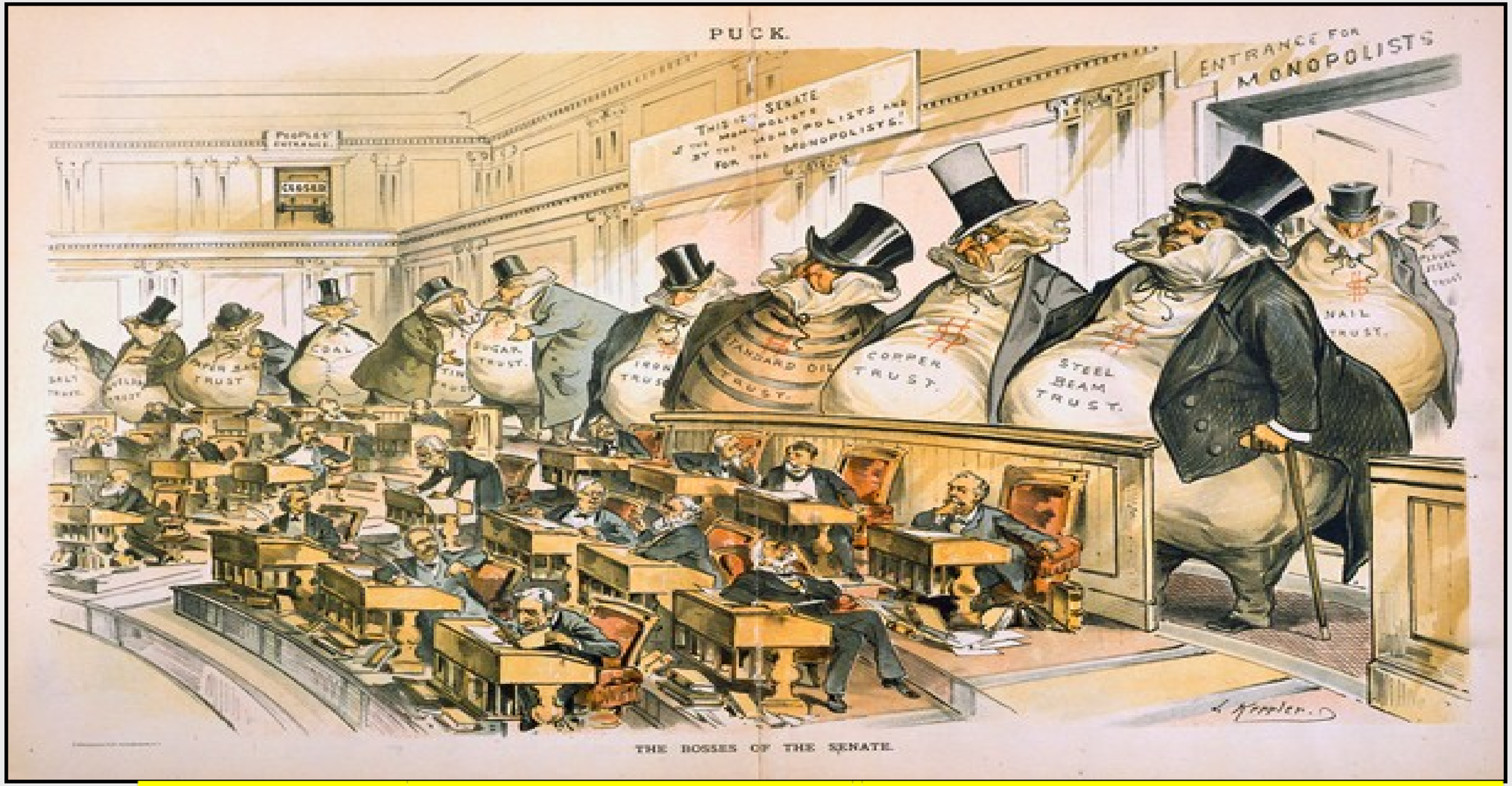


THE BOSSES OF THE SENATE.

- **Laissez-Faire:** An economic theory that business should not be regulated by government but by the invisible hand of supply and demand. Big Business in this era used this theory to justify their methods of doing business.

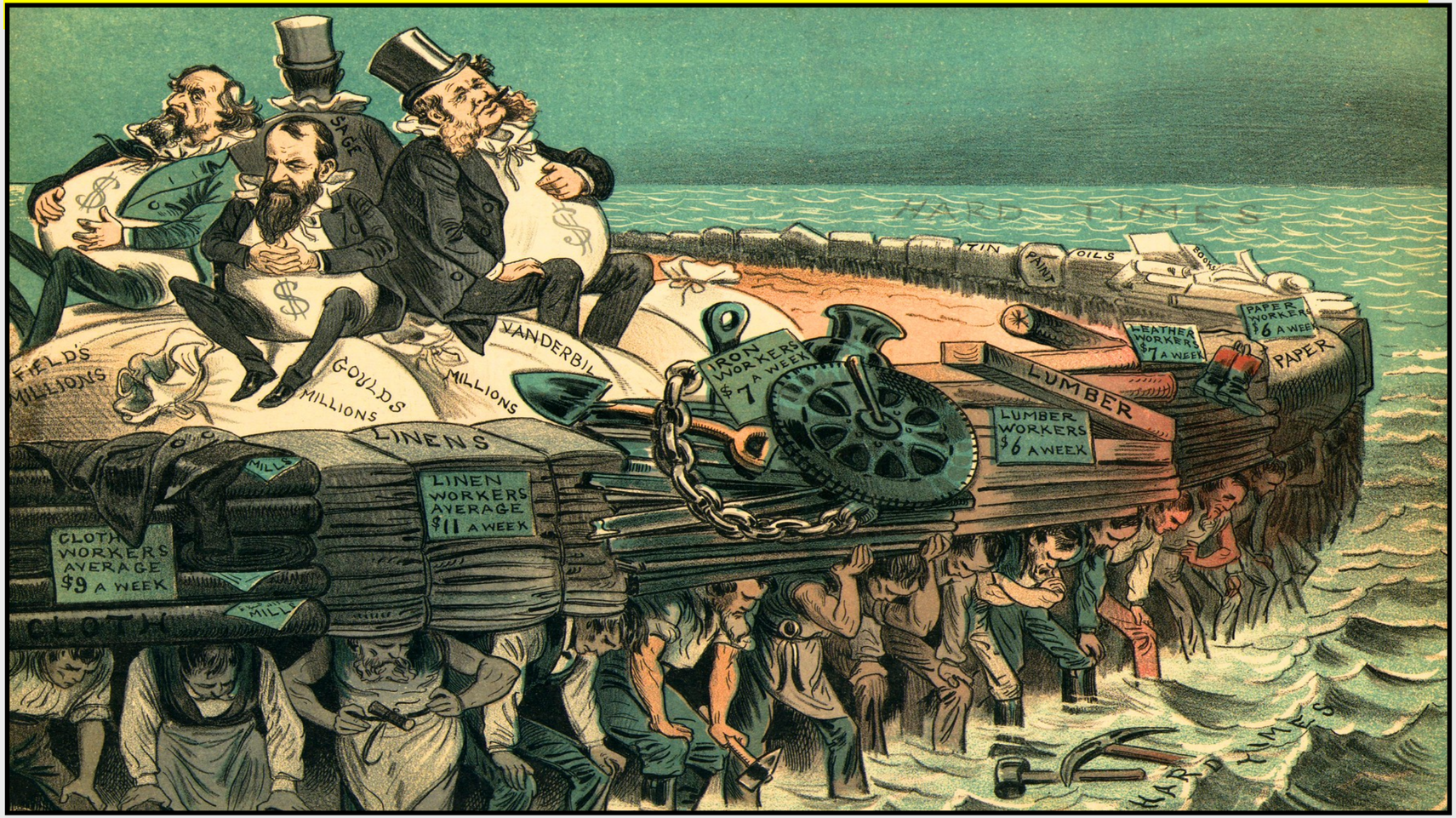
- **The Myth of the Self-Made Man:** The idea that a poor man can work his way up the ladder of success to become a millionaire.
- Unfortunately, moving up along the socioeconomic ladder of success was an impossible feat for most Americans.

- Farmers and laborers saw the growth of Big Business as a threat to themselves and society.



1. Explain the **Historical Context** of the cartoon. (2 sentences)
2. Explain the **SIGNIFICANCE** of this cartoon. (2 sentences)

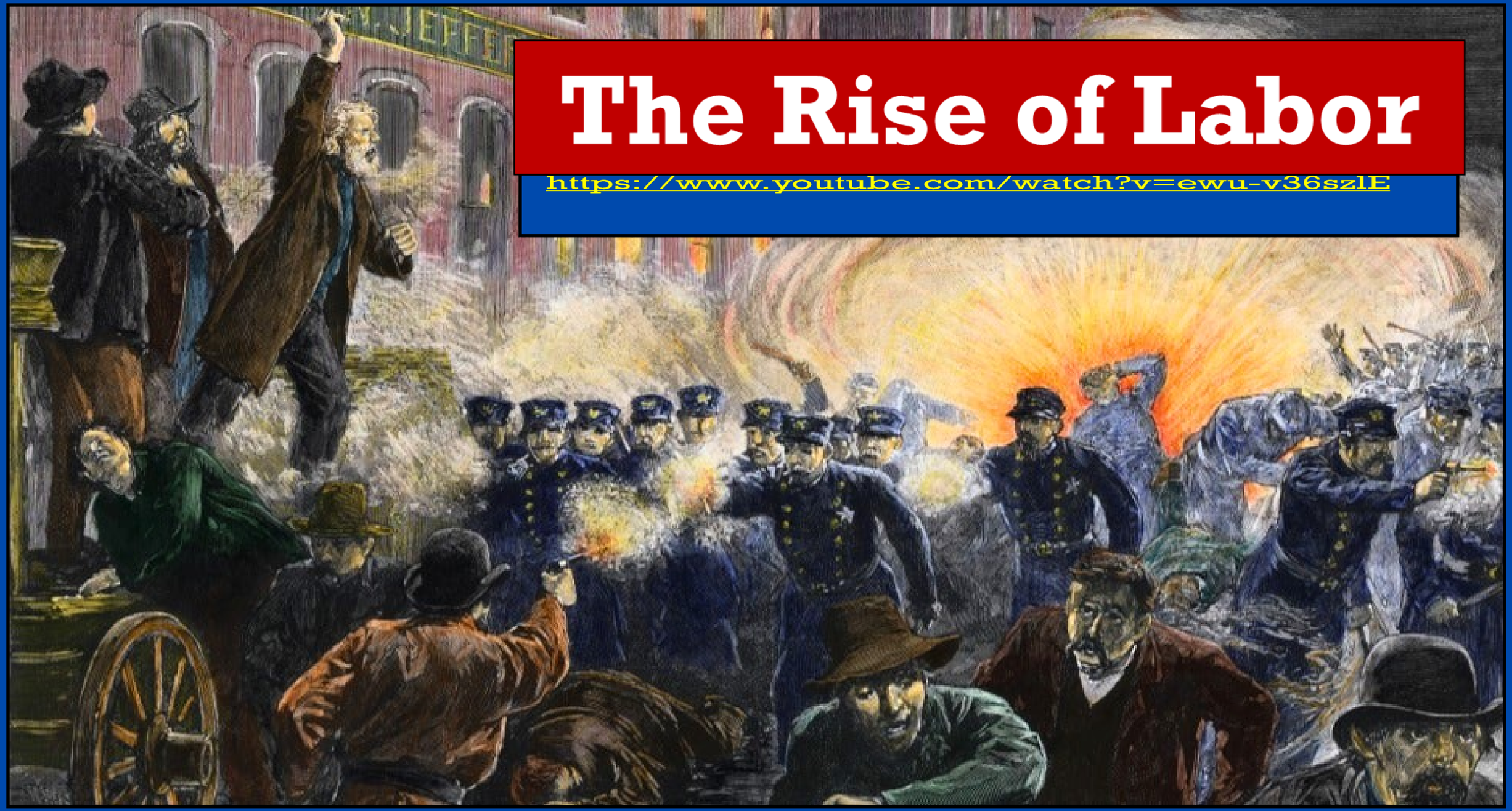
"SURVIVAL OF THE



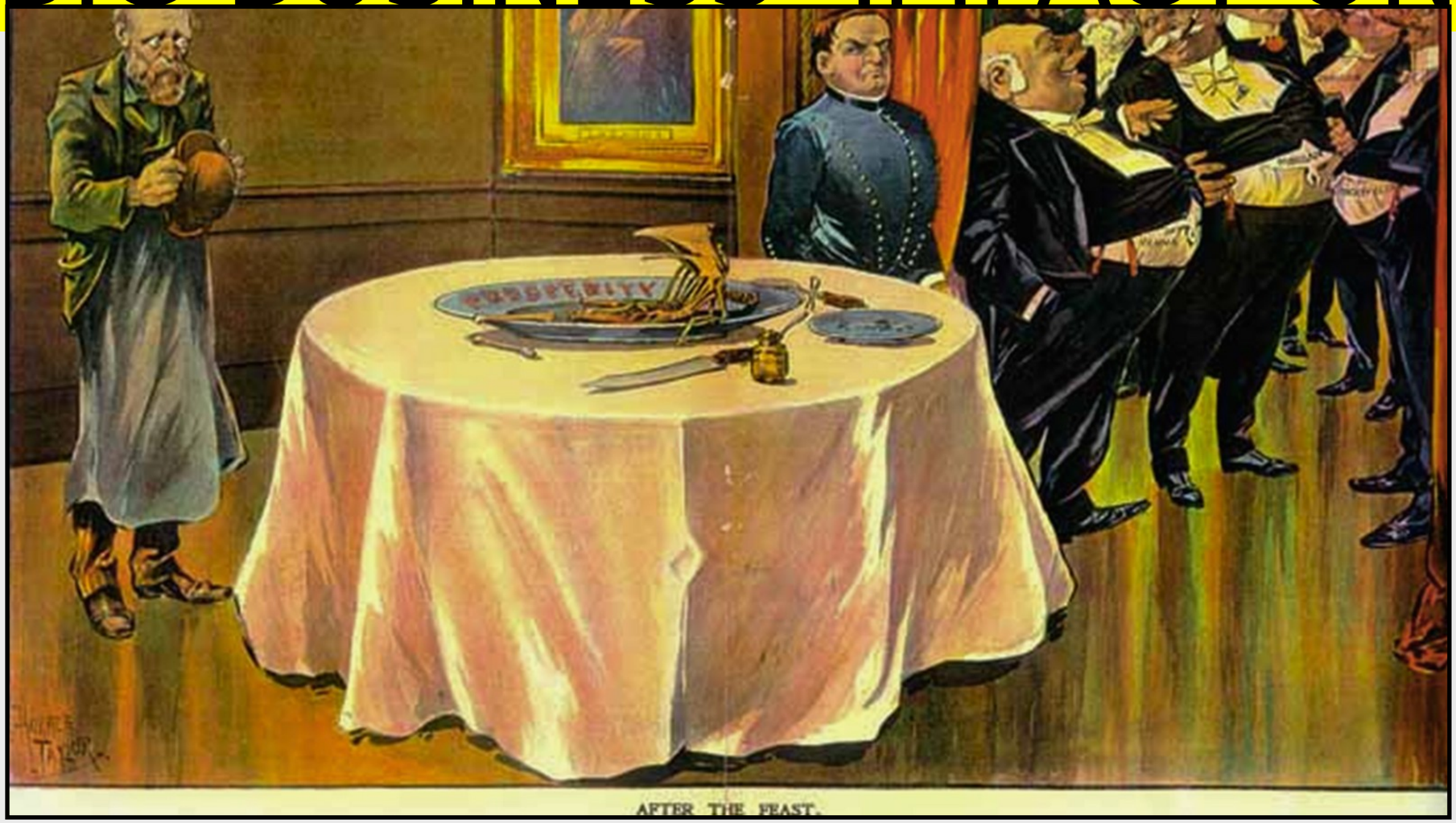
- **Social Darwinism:** An economic/social philosophy using Charles Darwin's "Survival of the Fittest" theory to justify ruthless business practices of robber barons and monopolies in this era.

The Rise of Labor

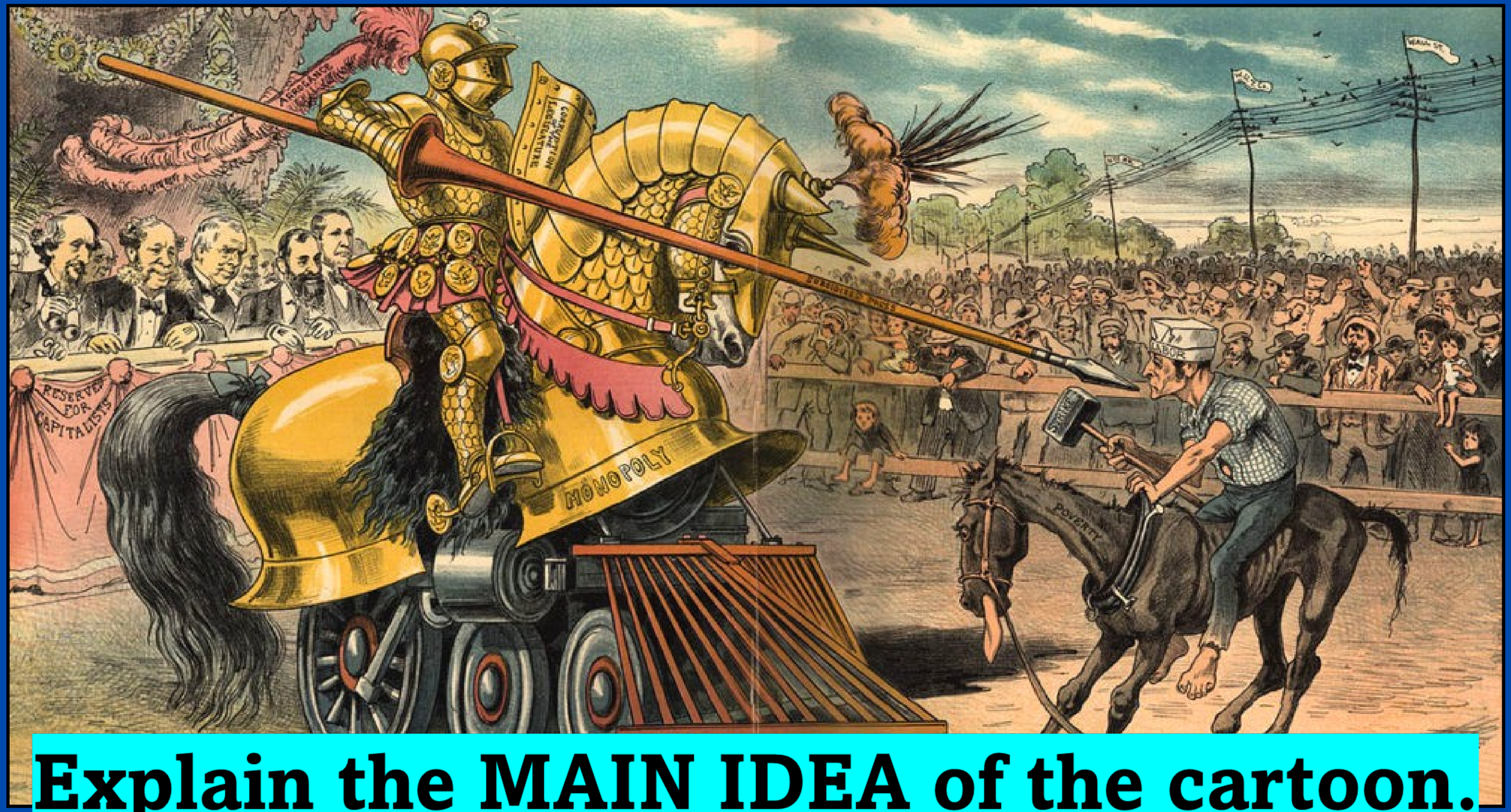
https://www.youtube.com/watch?v=ewu-v36szlE



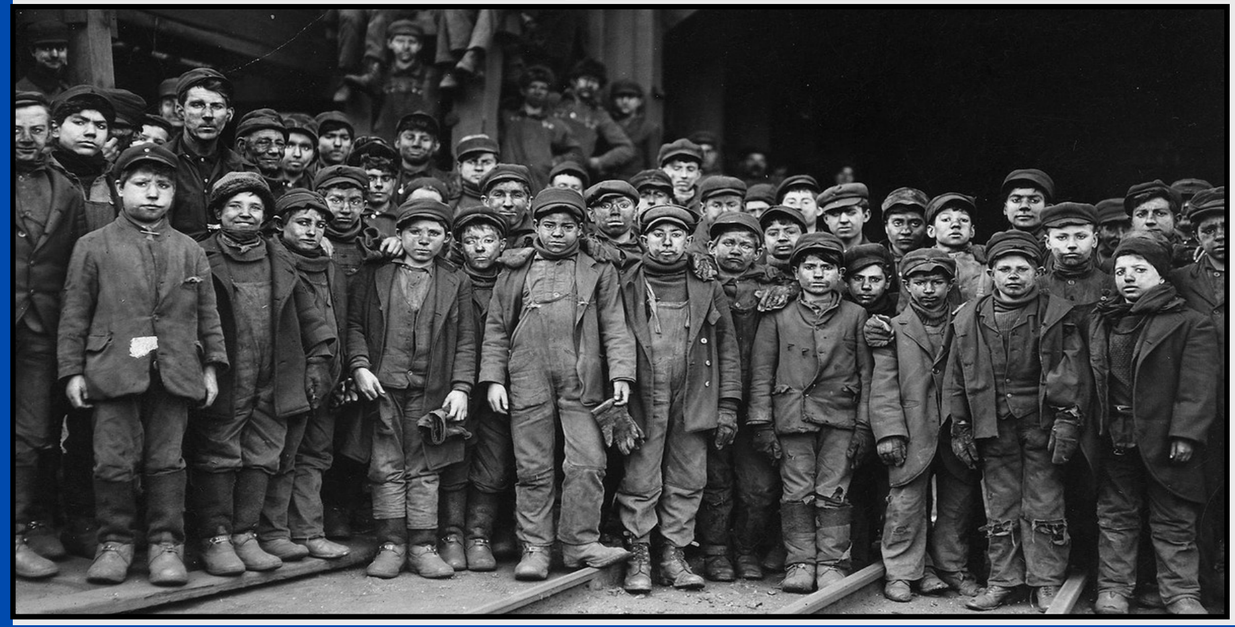
BIG BUSINESS' IMPACT ON



- By the 1890s, the richest 10% of Americans controlled 90% of the nation's wealth and 2/3 of the nation worked for wages typically for 10 hours a day, 6 days a week.



Explain the MAIN IDEA of the cartoon.



- **<u>Dangerous working conditions:</u>** Factory workers labored 10 hours a day, with no minimum wages, benefits, workers compensation, and they worked in hazardous working conditions.

- **<u>Female laborers:</u>** Made up about 17% of the total factory labor force. Women were paid significantly less than men and they only worked in domestic related factories such as textile, garment and food processing industries.

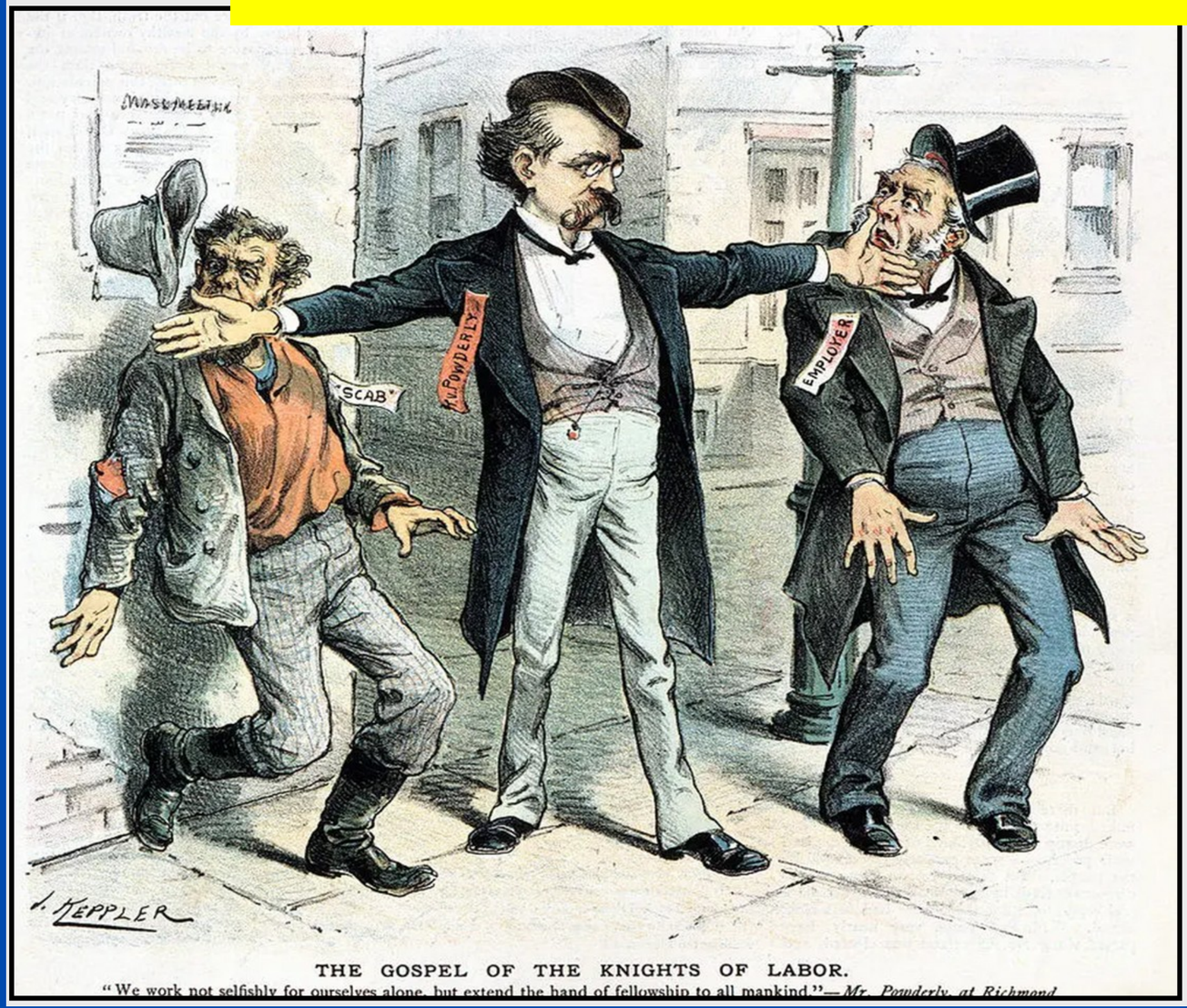
- **<u>Child labor:</u>** By 1900, over 2 million children labored in factories. Many worked long hours, were paid low wages, and were often injured on the job.

THE EMERGENCE OF LABOR UNIONS

Labor unions emerged in response to the "Rise of Big Business" and monopolies which exploited the interests of working-class Americans.

- **National Labor Union:** A union that had 640,000 members. It pushed for an 8-hour workday and higher wages. Its biggest victory was winning an 8-hour workday for federal employees. The union dissolved during the Panic of 1873-1877.

EARLY LABOR UNIONS



THE GOSPEL OF THE KNIGHTS OF LABOR.

"We work not selfishly for ourselves alone, but extend the hand of fellowship to all mankind."—*Mr. Powderly, at Richmond*

- **<u>Knights of Labor:</u>** (1869-1886) This union had more than 700,000 members. It was an inclusive union that allowed women and minority groups to join. Supported settling labor disputes through arbitration (negotiation).

- **The union dissolved after the Haymarket Square Incident.**

AMERICAN FEDERATION OF LABOR (AFL)

- Founded by **Samuel Gompers** in 1886.
- It was a union that excluded women, minority groups, and immigrants.

- It is known for implementing **collective bargaining** to win better wages and working conditions for its members.

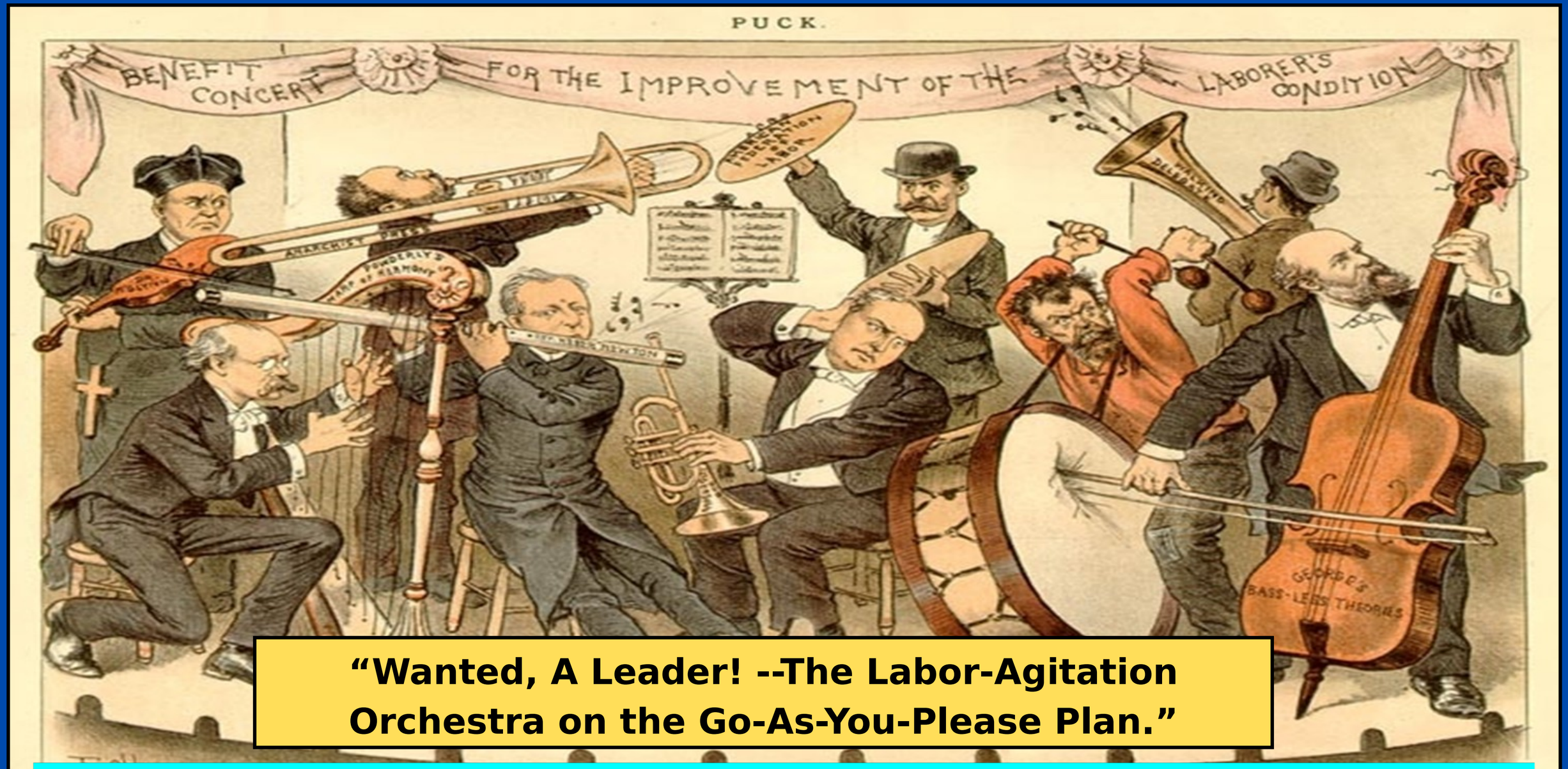
- **Collective Bargaining:** A strategy used by labor unions which encouraged group negotiations between workers and employers for better working conditions, higher wages, and shorter hours.

SAMUEL GOMPERS & THE AFL (1883)

"…There is nothing in the labor movement that employers who have had unorganized workers dread so much as organization; but organization alone will not do much unless the organization provides itself with a good fund, so that the operatives may be in a good position, in the event of a struggle with their employers, to hold out…Modern industry evolves these organizations out of the existing conditions where there are two classes in society, one incessantly striving to obtain the labor of the other class for as little as possible, and to obtain the largest amount or number of hours of labor; and the members of the other class, being as individuals utterly helpless in a contest with their employers, naturally resort to combinations to improve their condition, and, in fact, they are forced by the conditions which surround them to organize for self-protection."

"…Wherever trades unions have organized and are most firmly organized, there are the rights of the people most respected. A people may be educated, but to me it appears that the greatest amount of intelligence exists in that country or that state where the people are best able to defend their rights, and their liberties as against those who are desirous of undermining them. Trades unions are organizations that instill into men a higher motive-power and give them a higher goal to look to…"

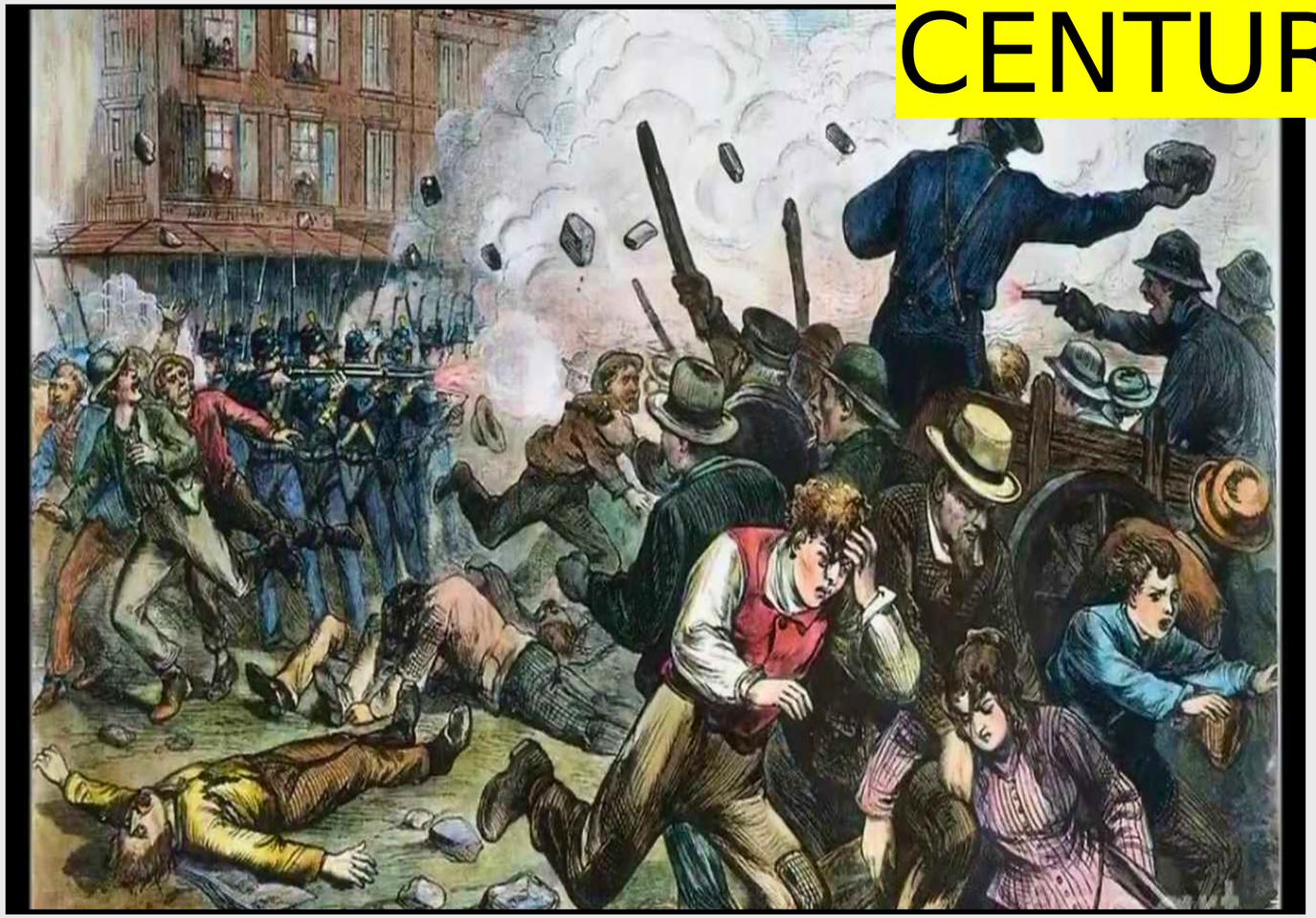
1. **Summarize** the excerpt in 1-2 sentences.
2. Explain the **PURPOSE** of the excerpt. (2 sentences)



“Wanted, A Leader! --The Labor-Agitation Orchestra on the Go-As-You-Please Plan.”

Explain the MAIN IDEA of the cartoon.

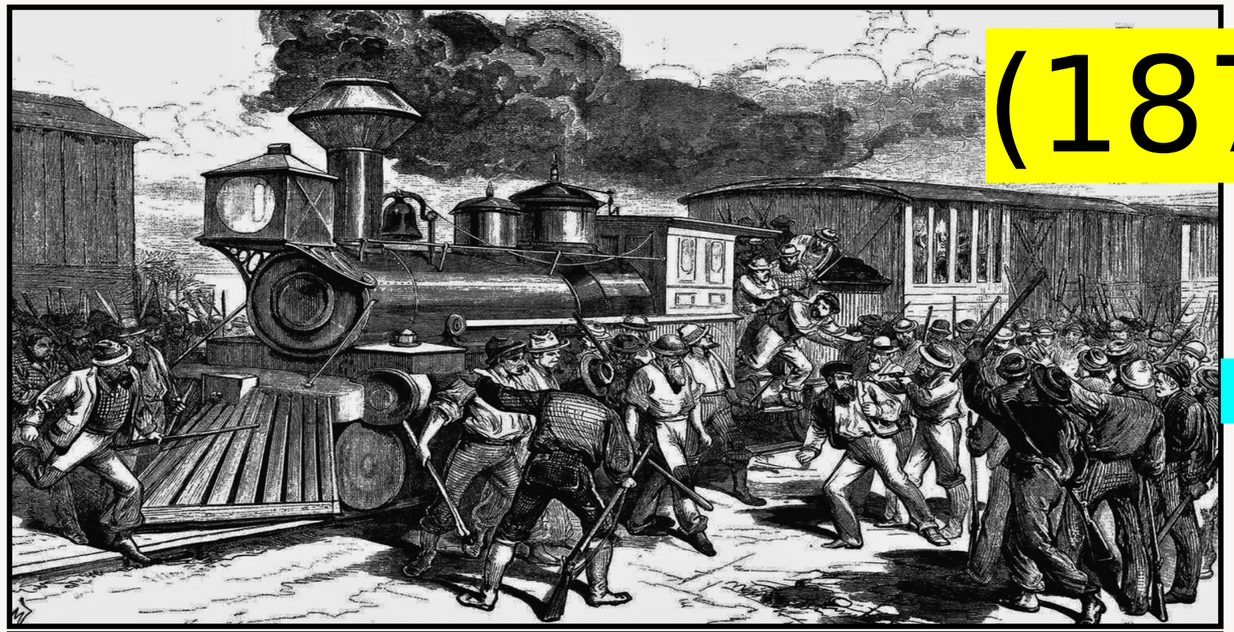
LABOR STRIKES OF THE LATE 19TH CENTURY



ndustrial workers fought against deplorable working conditions.

- In order to combat harsh working conditions, long hours, and little pay, the most common methods used by labor unions were **Boycotts, Collective Bargaining, and Strikes.**

THE GREAT RAILROAD STRIKE (1877)



The Great Railroad Strike of 1877: began in 1877 when the Eastern Railroad companies cut wages by 10%.

- This strike quickly spread across 11 states, and it shut down 2/3 of the country's rails.

- President Hayes sent troops in to break up the strike. Over 100 people died during the strike, the workers did not win, and the strength of the union was broken.

HAYMARKET RIOT (1886)

- **Haymarket Square Riot (1886):** Thousands of members of the Knights of Labor Union and 200 anarchists gathered in Haymarket Square in Chicago to protest for an 8-hour workday.
- A protestor threw a bomb killing 7 Chicago police officers and 4 workers. The bomber was never located.
- Eight anarchist leaders were tried for this and seven were sentenced to death.
- Business owners blacklisted members of the Knights of Labor, re-instituted the 10-hour workday, and this contributed to the demise of the Knights of Labor.

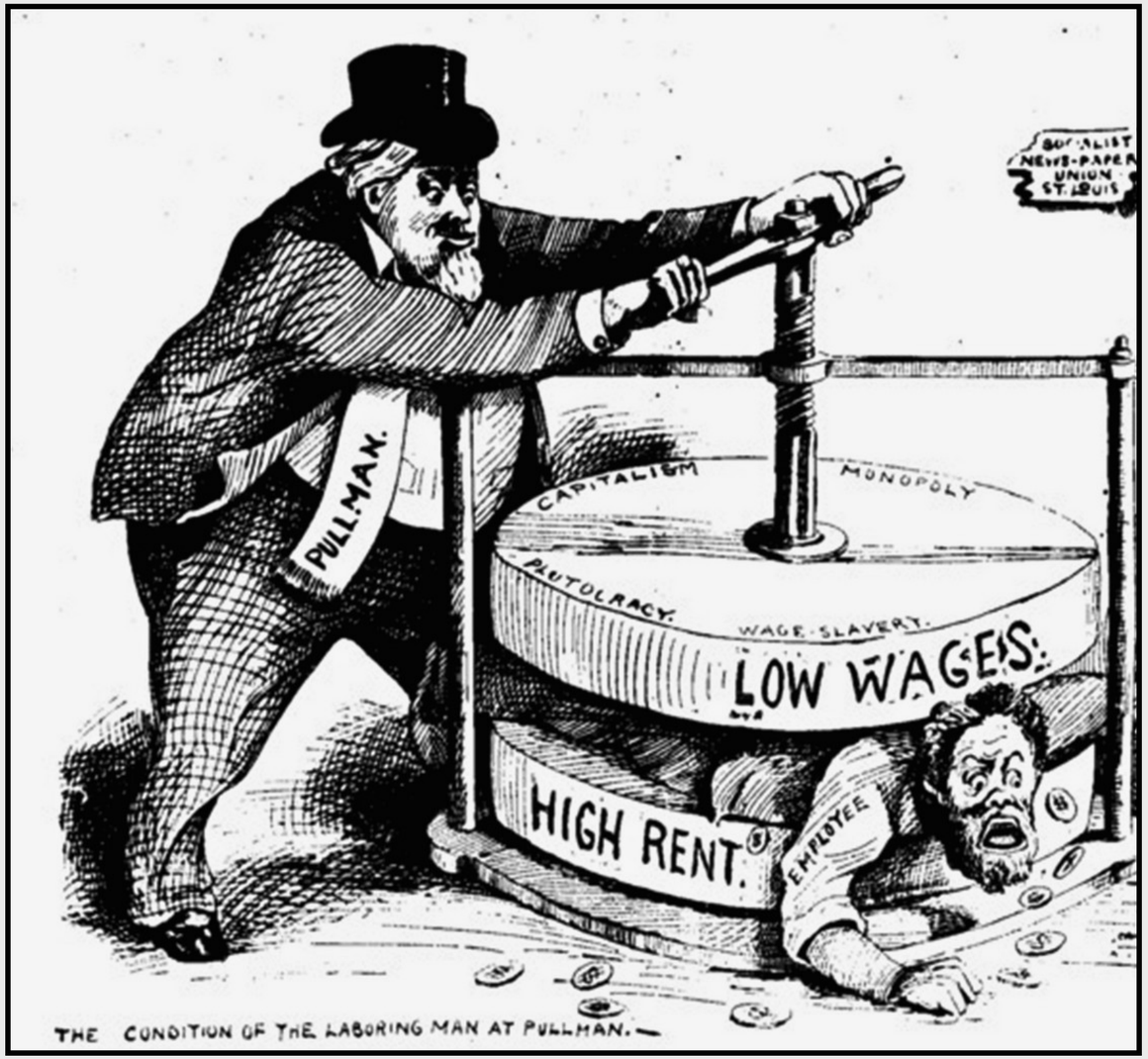
HOMESTEAD STEEL STRIKE (1892)

drew Carnegie and Henry Clay nt manager) combated the steel workers that went on strike in 1892 at the Homestead, PA steel plant.

- Frick lowered wages and tried to break the power of the union. Frick hired Scabs and the Pinkerton Detective Agency to keep out the strikers.

- 10 people were killed during the strike.
- The strikers lost support from the American middle class when one of the labor organizers attempted to kill Frick.

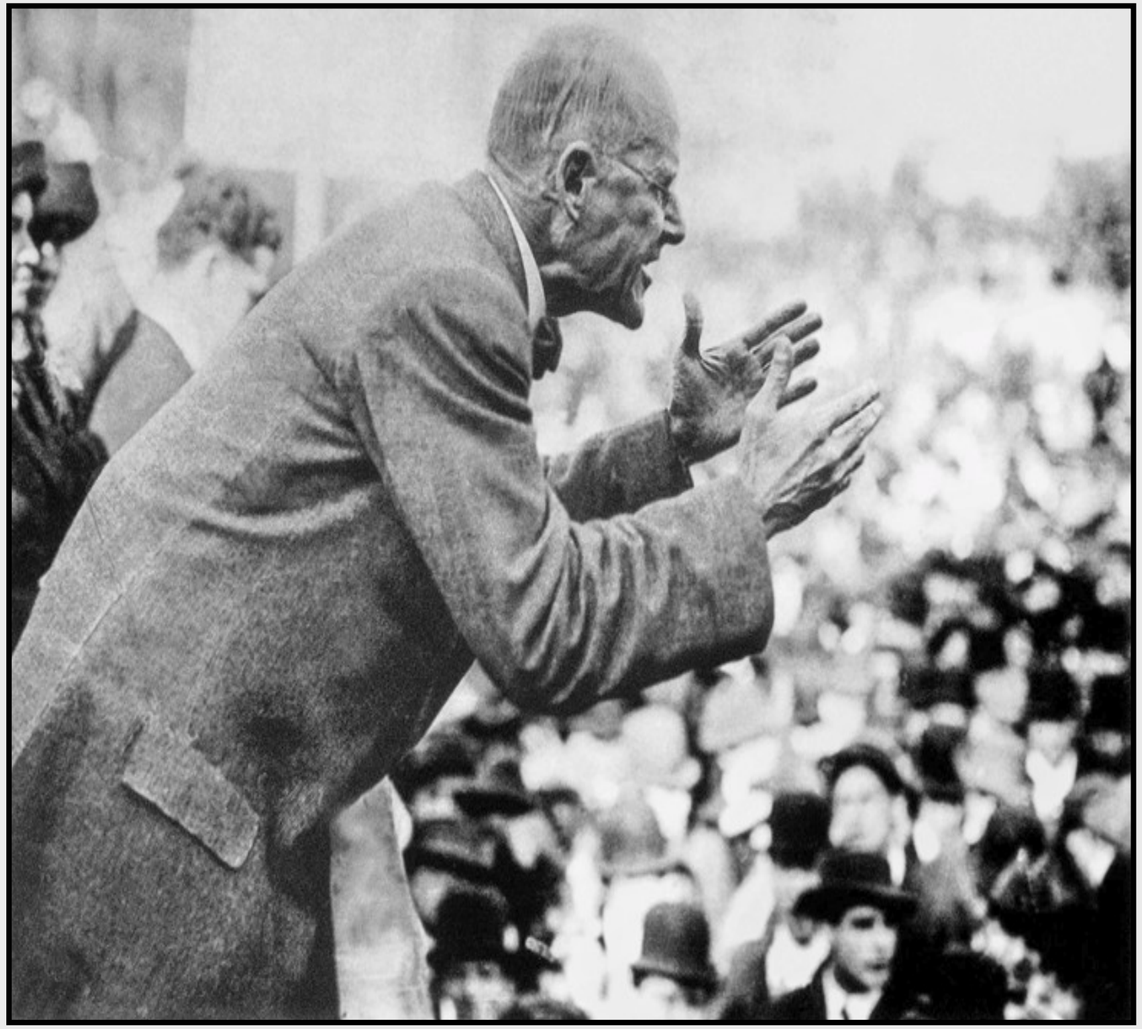
PULLMAN STRIKE (1894)



- When George Pullman's "RR sleeping cars" company near Chicago cut workers' wages.

- Pullman cut wages, but did not lower rent for his railroad workers living in his factory town.

EUGENE DEBS



- The Pullman workers appealed to the American Railway Union and its leader Eugene V. Debs who directed workers not to handle any trains with Pullman cars.

- **The union’s boycott spanned 27 states and tied up Railroads across the country.**

- A federal court injunction (a court order) was issued to stop the strike and Debs was sent to jail.

-The strike did not end until President Cleveland sent in federal troops to stop the strike.

The effects…

- 30 people died and Pullman fired 3,000 workers, and their union dissolved.

THE IMPACT ON LABOR UNIONS

- Due to the inability of unions to achieve significant changes in factory working conditions, by 1900 only 3% of American workers belonged to labor unions.

- Management held the upper hand in labor disputes and the federal government almost always took the side of Big Business in the 19th century.

BIG BUSINESS USED THE FOLLOWING STRATEGIES TO DEFEAT UNIONS

- **SCABS:** When factories hired people to work in the place of strikers
- **LOCKOUTS:** When a factory closed its doors to workers in order to break the power of unions before it can organize.
- **BLACKLISTS:** A list of people that are members of a union. Factory owners circulated these lists to other factory owners with the intent of intimidating workers from joining unions or risk being fired.
- **YELLOW DOG CONTRACTS:** When workers were forced to sign a contract promising not to join a union as a condition of their employment in a factory.
- **PINKERTONS:** Businesses used private guards such as the Pinkertons during the Homestead Strike or asked for federal troops to end a strike.

THE FEDERAL GOVERNMENT'S RESPONSE AGAINST UNIONS & STRIKERS

- In response to Big Business, the Federal Government passed the Sherman Anti-Trust Act.
- **Sherman Anti-Trust Act:** stated any attempt to interfere with free trade among the states was illegal
- Made trusts and monopolies illegal
- Corporate monopolies or trusts, which controlled whole industries, were subject to federal prosecution if they restrained trade

BUSINESS LEADERS TURNED THE SHERMAN ANTI-TRUST ACT AGAINST THE UNIONS

- All a company had to do was say that a strike, picket line, or boycott would hurt interstate trade, and the state or federal government would issue an injunction against the workers.

- But…the Sherman Anti-Trust Act was not initially used for its intended purpose of “restraining” businesses and did not initially halt the anti-competitive practices of Big Business.

- By the end of the 1800s, membership in the Unions had decreased dramatically.

PERIOD 6 BIG IDEA:

"Explain the causes of the rise of the labor movement (labor unions) during the Gilded Age."

Instructions: For the prompts below, you will be writing an Intro. paragraph that includes both Contextualization & Thesis that would earn these 2 points on the DBQ & LEQ rubrics.

- "Evaluate the extent to which organized labor was successful in improving the position of workers from 1875-1900."